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Good Crowd For Casualty Gathering At White Sulphur

Crawford And Warfield Are Named To Succeed Mobley And Sheldon At Greenbrier

By KENNETH O. FORCE

WHITE SULPHUR SPRINGS, W. VA.—The annual meeting here of National Assn. of Casualty & Surety Ex-



W. M. Sheldon



Nathan Mobley

ecutives and National Assn. of Casualty & Surety Agents attracted nearly 900 agents, company executives and their wives. Nathan Mobley, Federal, outgoing president of the com-

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Rollins Burdick Hunter Opens Okla. Operations

Rollins Burdick Hunter has formed Rollins Burdick Hunter of Oklahoma at 722 Enterprise Building, Tulsa. J. Richard Johnson has been elected vice-president and a director, and he will manage Oklahoma operations. He has been in the business since 1937.



Walter G. Dithmer (center), mid-west manager of Insurance Information Institute, receives a mark of appreciation from field men in Kansas. A. D. Didier, National Fire (left), and Dean Jaeger, Springfield F&M., on behalf of Kansas Capital Stock Insurance Assn. thanked Mr. Dithmer for his contribution and assistance to the public relations work of the field club. Kansas no longer is in Mr. Dithmer's territory, it being handled by the III office in Oklahoma City. When he was with the old Western Underwriters Assn., Mr. Dithmer was in charge of field club public relations in 18 states.

Ill. Supreme Court Opens New Avenue For Liability Suits

Illinois supreme court last week rocked the insurance industry with a decision exposing the companies to suits from a new source. The court held that property owners and operators whose buildings are in violation of fire and safety codes are responsible when the violations contribute to the injury or death of a fireman. Presumably this would apply also to policemen. At the same time the court shattered another local precedent by upholding the right of a spouse to sue for loss of consortium.

The court held it was "legal fiction" that firemen are licensees to whom no duty of reasonable care is owed. The case involves \$250,000 of liability, all or nearly all of which is insurance money.

Dooley Wins Again

The winner of this decision was James A. Dooley, one of the most successful members of National Assn. of Claimants Compensation Attorneys in the U. S. He represented the two plaintiffs, both of whom received awards in superior court at Chicago, one for \$20,000 for wrongful death and the other \$235,000 for damages. The defendants are the operators of the Green Mill Hotel in Chicago, described by the newspapers as a flophouse, which burned Aug. 28, 1955. One fireman was killed and another gravely injured in the collapse of a stairway as they fought the fire, and seven of the hotel residents were killed and seven other firemen and 12 others were injured.

Superior court jury made an award of \$235,000 to the injured fireman and

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Ladd Is President Of Producers' Conference

National Insurance Producers Conference at its first formal meeting in New York elected Merlin J. Ladd, Boston, president and Barclay Shaw secretary. Mr. Ladd is past president of National Assn. of Insurance Brokers and Mr. Shaw is secretary of that group.

Items Discussed

Among the items discussed at the meeting were the 1959 homeowners filing; auto problems; present and future insurance considerations resulting from sonic boom; desirability of aggrieved party status to the agent and broker under rating laws; auto assigned risk plans; tax on commission on a producer's personal insurance, and need for radioactive contamination covers for homeowners and small businesses.

Consider Proposed Act

Also considered was the proposed non-admitted insurers act of National Assn. of Insurance Commissioners. The next meeting of the conference will be held during the midyear meeting in November of NAIC, and conference meetings will be held approximately every two months thereafter.

NAII Study Shows Most Drivers In AR Deserve To Be There

People who end up in an assigned risk plan do so primarily because of a poor driving record. This was one of a number of generally accepted opinions confirmed by a recent survey conducted by National Assn. of Independent Insurers of the New York state assigned risk plan population. The study was directed by Thomas J. Luck, executive assistant of State Farm Mutual Auto.

Samplings were taken from an estimated 492,000 to 510,000 members of the assigned risk plan in New York where the plan population shot up 57% from 1958 to 1959. Of the total assigned risk group, 73.8% were drivers from 25 to 70 years of age. Of these, 93.6% were assigned risks because of poor driving records, principally high accident frequency or traffic convictions. This age group had 78.6% of the reported accidents among all assigned risks and 80.6% of the convictions.

Drivers under 25 comprised 19.8% of the assigned risk population. Their driving records indicated that they had only 14.2% of the reported accidents in the entire pool and 17.8% of the convictions.

Annual premium for assigned risks had a wide variance. A total of 22.6% paid less than \$100 a year. One driver paid as much as \$900. The bulk of the members (87.4%) fall into the higher-rated classifications—over \$100 annually.

Within the plan there were two divisions—the surcharge, or higher-risk, member and the no-surcharge, or so-called "clean risk."

Manufacturing employees constituted

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Rule, Greenley, Shea Named To AMA Posts

Elmer A. Rule, vice-president and secretary of Nationwide Mutual, and Casimir Z. Greenley, International Minerals & Chemical, were named directors of American Management Assn. at the membership and board meetings in New York.

Named vice-president of the AMA administrative services division was Stevens L. Shea, vice-president of American.

Casimir Z. Greenley (right), International Minerals & Chemical, being awarded the distinguished service certificate by American Management Assn. for serving as vice-president of the association's insurance division for two years. Making the presentation is Lawrence A. Apple, (left), AMA president, and Donald G. Mitchell, AMA chairman.



Ellis, Cubbedge In Top NAIA Posts, Nelson Is Elected

Slawsky Is Woodworth Award Winner; Agents Oppose D. C. Bill, Censure Standard Oil

By KENNETH O. FORCE

ATLANTIC CITY—The final opinion of veteran attenders was that this, the 64th annual convention of National



Archie M. Slawsky



S. H. Warner

Assn. of Insurance Agents, was a good one. There were more presidents and executive vice-presidents or companies on hand than at any similar session in many years and perhaps

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NAIIA Gives Industry Its Reporting Procedures

The executive committee of National Assn. of Independent Insurance Adjusters, meeting at New Orleans, has released the standard reporting procedures program for the general use of the industry. The program consists of procedures and forms for reporting automobile liability, general liability, property losses, property damage and/or collision claims, uncomplicated physical damage or third party claims, and in the near future a short form for catastrophe proof of loss will be added.

The first commercial line school of General of Seattle expanded to a four-week run attracted 41 agents from as far from Seattle as eastern Canada and Florida. John Stanford, director of education, is in general charge. The session ends Oct. 14.

Researchers Find Injuries Constitute A Major 'Industry'

U. Of Michigan Study Shows \$4 Billion Cost Equals Auto Workers Wages

ANN ARBOR—The huge cost of personal injury compensation in the U. S. has created the equivalent of an "injury industry," according to a report in the current issue of the Michigan State Bar Journal. The report is by Prof. Alfred F. Conard of the University of Michigan law school and his assistant researcher, Charles E. Voltz, who have been conducting a project concerning the economics of injury litigation.

"In a recent year, as a nation," the report notes, "we spent almost \$4 billion in compensating victims of personal injury accidents. By comparison, during that same year about the same amount was paid in wages and salaries to all employees in motor vehicle and equipment manufacturing; an equal sum was spent for all highway construction by federal, state and local governments combined; and half that amount was received by farmers for the value of their food grain production."

The report notes that the \$4 billion total is "only a rough estimate." But it is broken down as follows: More than \$1.1 billion paid out by insurance companies for personal injuries arising out of automobile accidents and \$2 billion for other injuries; workmen's compensation benefits exceeding \$1 billion; railroad and bus company payments of more than \$1 billion; and \$1.4 billion spent "getting the dollar to the victim in such expenses as insurance

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La. Court Holds CDP Does Not Cover Pools

A Louisiana court has ruled that swimming pools do not pertain to the service of a residence and are not covered under the CDP. In the first such case decided in the state, Judge G. Caldwell Herget of the 19th Judicial district court in Baton Rouge held that Audubon did not have to pay for physical damage to the pool.

Floyd W. Womack Jr., insured under an Audubon CDP, sued for recovery following damage to his pool as the result of a severe rainstorm. According to expert testimony, heavy rains raised the water table and caused the empty concrete pool to float up out of the ground. Insured contended that coverage was provided under the CDP since it was not specifically excluded.

The insurer argued that coverage was not provided on the pool since it was not "outdoor equipment pertaining to the service of the premises" any more than a tennis court or a child's swing would be. The insurer further contended that if the pool was considered as furnishing a necessary service to the residence, then coverage would be excluded under provisions eliminating coverage on retaining walls.

Because of flat terrain in Louisiana and the resulting high level of ground water, swimming pools and similar structures frequently suffer severe damage if allowed to remain empty.

Cal. Brokers Change Name To 'Association'

The board of Insurance Brokers Exchange of California, at the quarterly meeting at Carmel, changed the name of the organization to Insurance Brokers Assn. of California. Substitution of the word "association" for "exchange" was previously approved by the membership.

Among other matters discussed, the board noted that Pacific Fire Rating Bureau has made a filing in Nevada for a cash buy-back in lieu of the former rate and minimum premium requirements in the 1959 revised homeowners. The board expressed the hope that the bureau would make a similar filing in California.

U. Of Iowa To Conduct Fall Insurance Institute

Registration has begun for the fall insurance institute at University of Iowa Oct. 31-Nov. 4 sponsored by Iowa Assn. of Independent Insurance Agents.

On the Oct. 31 program, C. MacChambers and Ray Murphy Jr., Des Moines agents, will discuss all lines insurance. Agency perpetuation will be covered by Edward H. Jones, counsel for the Iowa agents' association.

Prof. Curtis M. Elliott of University of Nebraska during the following three days will deal with the new public and institutional property plan, trends in auto coverage and the success of various plans, direct billing and continuous policies, contingency contracts and collections and reorganization and consolidation of agencies.

Agency operations will be discussed Nov. 4 by Prof. Cleo P. Casady of the University of Iowa College of Commerce.

Johnson Takes N. Y. North America Post

North America has named Edgar R. Johnson resident secretary at New York to succeed A. Wesley Barthelmes, assistant secretary, who will undertake an important new assignment in the near future.

Mr. Johnson, who will assume responsibility for the production and underwriting of fixed location property classes, joined the company in 1945 at Cleveland as special agent. He was subsequently advanced to assistant manager there, and later to manager at Hartford and Washington. In 1951 he became class underwriter at the head office and in 1953 deputy underwriter in the administrative underwriters group for the head office and for San Jose, Cal. He was later named assistant secretary, commercial multiple lines, and in 1958 secretary, his most recent position. Before joining North America he was for five years with Kentucky Inspection Bureau.

Indiana Blue Goose Plans

Indiana Blue Goose will hold its first meeting of the 1960-61 season at the Marott Hotel, Indianapolis, Oct. 10. This will be a dinner meeting and a number of goslings will be initiated.

Nearly 100 members and prospective members of the pond turned out for the opening fall outing and golf tournament. Golf winners were Charles Nichols, American States, low gross; and William Chrissinger, National Inspection, low net. The tournament was held at the Greentree Country Club, with chicken dinner and refreshments at Woodland Country Club.

N. Y. AR Plan Under Attack At Hearing On Cancellations

In Separate Move N. Y. Halts Insurer Credit For Keeping Lines Out Of AR

By JOHN N. COSGROVE

MINEOLA, N. Y.—The hearing here on the auto cancellation problem in New York, held by the state's joint legislative committee on insurance rates and regulation, was a suburban repeat of the New York City hearing in July. The cast of witnesses differed, but the plot was the same. Angry complaints of cancellation and transfer to the assigned risk plan came from a procession of "not-at-fault" drivers—apparently the only type to be found in New York.

The AR plan—as in the New York hearing—was the major feature of discussion. Coincidentally, on the day of the hearing, Superintendent Thacher announced that at his request one provision of the new AR rules effective Oct. 1 is being postponed for further study. This provision deals with credits to insurers for voluntarily taking risks out of the plan. Mr. Thacher said that questions have arisen about the operation and administration of this rule and that it should not be made effective until the department has had the benefit of further consideration by all concerned. In his announcement, Mr. Thacher praised the AR changes in general.

Can't Satisfy Everybody

It is understood that problems cropped up on the credit rule because diverse company and producer interests could not "get together." All are agreed on the goal of depopulating the plan, but the bugbear is how to do it in a way that will satisfy everybody.

At the hearing, Charles Sutton, general counsel to organizations providing FS-1 messenger service, called the

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Still Study Future Mountain Conference

With the elimination of Western Underwriters Assn., the suggestion has been made that the Rocky Mountain Conference merge with the Midwest or Far West group, Norman V. Cohn of Denver reported to the National Board of State Directors during the NAIAC convention in Atlantic City. Mr. Cohn gave the report for the mountain conference in the absence of John F. Mergen of Denver, chairman.

However, Rocky Mountain agents want to continue with Western Actuarial Bureau because of the many problems that are peculiar to their territory and with which WAB is familiar, Mr. Cohn said. It is still an open question as to what will happen.

He said that at the last conference with company representatives 28 items were covered. Among them were superior fire rating, blanket personal property under superior coverage, an EC differential for wind resistive farm structures, a rate differential for household goods in fireproof apartment houses, a package motel policy, and a program to step up publication of rates under multiple reporting forms in order to compete for this business.

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Here is another of Great American's national advertisements for 1960—

as it appears in *The Saturday Evening POST* of October 15th



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producers.

\$2.2 Million Value Of Boston Electra

The Eastern Airlines Lockheed Electra turboprop which crashed leaving Logan Airport, Boston, was insured through Associated Aviation Underwriters. The hull was valued at \$2.2 million.

McCusker Made Manager Of AIU

Henry W. McCusker Jr., formerly special representative of Royal-Globe group, has been named underwriting

manager of Atlantic Insurance Underwriters at Fort Lauderdale. He was also at Eifert-French & Co., New York City, has been executive director of Indiana Capital Stock Insurance Assn., and plant superintendent at Central States Paper Co., Beacon, N.Y.

Utilities Names Three

Utilities Ins. Co. of St. Louis has named H. J. Shaw vice-president and secretary. Paul Hackett and Marvin Newcombe have been promoted to assistant secretaries.

Hosford In Chicago For American Casualty

Everett H. Hosford has joined American Casualty as production manager at Chicago. His past experience included 10 years with Central Surety during which he was superintendent of the casualty department.

Kenneth P. Melson has joined Horace R. Coe, Philadelphia brokers, as associate manager. He was previously special agent of American at Philadelphia.

Preston Is Virginia Manager Of The Fund

Fireman's Fund has appointed Preston E. Gibson manager at Richmond for Virginia. He has been in the field in Florida and the metropolitan Atlanta territory.

Donovan Spy Defense Featured In Coronet

James B. Donovan, partner in Waters & Donovan, New York and Washington insurance lawyer, is featured in the October issue of Coronet magazine in connection with his role as court-appointed defense counsel for the Soviet spy Col. Rudolf Ivanovich Abel.

The story, written by Bard Lindermann, staff writer of the New York World-Telegram & Sun, describes Mr. Donovan's relationship with his Russian client, the outcome of the case and its implications. It describes Mr. Donovan's "struggle to assure a Soviet spy due process of American justice without prejudice."

Mr. Lindermann is the writer who gained considerable attention from New York insurers for his long-running series of articles on ambulance chasing in Brooklyn. He worked closely with Assn. of Casualty & Surety Companies and the New York department in that story.

Columbus Blue Cross Gets 19% Rate Increase

The Ohio department has approved a 19.3% increase in rates of Central Hospital Service Assn. (Columbus Blue Cross) covering 29 central Ohio counties. Blue Cross had sought an increase of approximately 22.5%. The higher rates will produce about \$2,285,000 more annual income and is effective immediately for an estimated 530,000 members. Superintendent Stowell indicated the modification of the Blue Cross rate request would minimize proposed additions to surplus during the next two years, commenting that evidence at a hearing failed to disclose a need for surplus beyond present levels.

Cosmopolitan Names Jack Clifford A V-P

Jack F. Clifford has joined Cosmopolitan of Chicago as vice-president in charge of claims. He has been Chicago metropolitan claims manager of Fireman's Fund and had been with that company for 11½ years, starting as a claim examiner. A graduate of Harvard law school, Mr. Clifford is a member

J. F. Clifford

of the Illinois and Michigan bars and is a CPCU.

General Promotes Lunstrum

General of Seattle has named Richard M. Lunstrum, formerly sales manager of the mountain states division, claims manager for northern California with headquarters at Burlingame, Cal. Mr. Lunstrum began his career with General in 1949 at Boise, where he became claims manager. He has also served as claims supervisor for the northwest division and as manager at Albuquerque and Denver.

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III's Achievements To Date And Plans Detailed By Cullen

Paul B. Cullen of Aetna Casualty, vice-president of Insurance Information Institute, outlined III accomplishments and plans at the breakfast meeting of the metropolitan and large line agents committee of National Assn. of Insurance Agents during the annual convention in Atlantic City.

In its eight eventful months, whatever the fires of adverse public opinion have blazed up, the staff has rushed in to extinguish the flame. There have been many blazes—critical automobile rating situations in a number of states, an assigned risk situation in New York that reached the stages of a battle in the newspapers, and consideration of a monopolistic state fund in Oklahoma. A New York legislator appeared on a CBS radio program and denounced the automobile insurance business. Windstorms hit the southwest and Hurricane Donna struck Florida and swept up the east coast. Hundreds of thousands of people suddenly wanted to know more about their insurance and when they would get paid.

As a result of the efforts of III, Mr. Cullen said, never before did so many people read all the facts about insurance matters in which they were vitally concerned.

One of the most significant accom-

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Insurers Stepping Up Use Of TV Advertising

Insurers are not only rapidly expanding their use of TV but are broadening the type of program used to reach sizable audiences, Television Bureau of Advertising reports.

Investments in the medium for gross time billings alone in 1960 will top \$16 million, the bureau estimated, compared with \$14,040,755 in 1959. The figures include network and national spot time. Programs being used by insurers include Prudential's "Twentieth Century"; Kemper group's "Celebrity Golf"; Travelers' "The Right Man"; North America's "Today"; Allstate's "Thriller"; and Equitable Society's "American Heritage."

In the first six months of 1960, insurers had gross time billings of \$7,264,611 in national TV, including \$5,584,611 in network and \$1,680,000 in spot TV.

The leading insurer advertiser on network TV in the first seven months of 1960 was Mutual of Omaha with gross billings of \$3,036,436. Following were Prudential and Allstate.

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All-Industry Bills Have Not Done The Job, Stronger Pattern Needed: Marryott

A bleak view of insurance rate regulation was offered the Symposium of Insurance and Government at the University of Wisconsin by Franklin J. Marryott, vice-president and general counsel of Liberty Mutual. Mr. Marryott's disillusionment with the results achieved by the all-industry rating law sometimes approached bitterness. He said the Gerber subcommittee hearings contained in their record "the extent of the failure of the present to fulfill the expectations of the past," that the rating system has fallen into "a sort of administrative absolutism which, under present conditions, is intolerable," and that "there is an unevenness of regulation among the states which works in the way of Gresham's Law in that bad regulation tends to drive out the good."

Reviewed Testimony

Mr. Marryott said he believes internal corrections to the rating problems are unlikely to occur and that the business is "in a situation which can soberly be called a crisis and the usual restraints have failed." The best hope lies, he said, in the National Assn. of Insurance Commissioners which he said can save the industry from extreme measures that will be generated by a continuation of present trends.

Mr. Marryott reviewed some of the testimony before the Gerber subcommittee of NAIC and added two observations of his own that were not much discussed by those appearing at the hearings. He also commented on the O'Mahoney investigation and the possibilities of finding leadership to remedy the problems.

Complaints and criticism in the record of the Gerber subcommittee were classified by Mr. Marryott under four headings—(1) rates have been inadequate; (2) there is too much competition; (3) there is not enough competition; (4) and miscellaneous other complaints.

"Whatever may be said as to the validity or lack of it at hearings to some of these complaints," Mr. Marryott observed, "the significant fact is that they are numerous, earnest, and come from many segments of the industry. All is not well and some important changes must be made without much more delay."

Detailed Complaints

As to his own two particular complaints—difficulty of securing approval of rate increases and varying degrees of regulation among the states—Mr. Marryott went into considerable detail. He said when the all-industry laws were passed it was hoped that the rating organizations would acquire such a high degree of expertness and integrity in rate matters as to deserve and achieve for their filings a ready acceptance by the supervisory authorities. While the hopes have been fulfilled as to the rating bureaus, it has not turned out to be enough to bring about prompt acceptability of filings.

On top of this, Mr. Marryott said, the remedy of judicial review has not worked satisfactorily. It has been successful only in the most flagrant cases. This is because, generally speaking, the reviewing court will refuse to weigh the evidence if there is some degree of plausibility to the commissioner's decision.

"It would seem that there never will be an insurance rate case in which the

commissioner cannot make some challenge of the accuracy of the judgment determinations that go into the makeup of the incurred loss figure," he declared. "If such challenges are to be successful, even in the face of admittedly honest and qualified expert testimony as to the accuracy and actu-

arial propriety of the methods used to establish such figures, and if the courts are going to continue to take the position that when the commissioner sets his judgment against that of the companies, they will sustain him if there is any reasonable basis for so doing, we

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Contractors Needs Are Reviewed By CPCUs At Denver

About 300 attended the annual seminar and conferment of Rocky Mountain chapter of CPCU at Denver last month.

The CPCU designation was conferred upon Hugh A. Dennison of Mountain States Inspection Bureau and Robert L. Westin of Home.

David R. Milek of Koelbel & Co.,

Denver, received the first annual Denver U. S. National Bank scholarship award to apply toward obtaining the CPCU designation. Roger D. Knight Jr., bank president, made the presentation.

A panel discussion on the insurance needs of contractors was opened by C. W. Schrepferman, Denver contractor, who stressed the need for a better selling job by insurance men. The contracting business is fraught with many special hazards and broad exposure to loss and attractive nuisance claims, for which the most compre-

hensive insurance coverage available is needed. It is the duty of the insurance advisor, he said, to point out the exclusions in the policy and determine in advance what situations are covered, rather than to depend on the automatic pickup clause in the general liability policy to cover "everything else." Mr. Schrepferman chided insurance underwriters and insurance claim men for sometimes working at cross purposes.

Walker Goetzinger, assistant secretary St. Paul F.&M. urged a closer

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California Agents Schedule Annual For S. F., Oct. 24-26

The 53rd annual convention of California Assn. of Insurance Agents will be held in San Francisco, Oct. 24-26, at the Sheraton-Palace Hotel.

With the exception of Porter Ellis, Dallas, president of the national association, who is keynote speaker, the entire meeting will consist of the Merrett-Adams sales organization.

Two breakfasts have been scheduled, one for graduates of the CAIA-sponsored advanced agency management conference, and the other for officers of local associations. A full program for the ladies has been planned and the banquet will held on the final day.

N. Y. Golf Group Elects Winter, Madigan, Keller

Underwriters Golf Assn. of New York at its fall meeting and tournament at Graden City Golf Club elected as president Ernest S. Winter, Merchants Fire. He succeeds John J. Mulvehill, Corroon & Reynolds. Other new officers are John P. Madigan, General Re, vice-president, and William Keller Jr., U.S.F.&G., secretary-treasurer.

Named to the governing committee are John Blegen, Continental; Rankin Martin, Standard Accident; Edward J. Gorman, Fidelity & Deposit; Scott Harris, Froggatt & Co., and Mr. Mulvehill.

At the tournament, George Meredith, Federal, won a leg on the champion's cup, and Andrew J. Bucksar, New York Fire Insurance Rating Organization, won the senior cup put into play for the first time.

Pheanis In Louisiana Field For Central Mutual

William D. Pheanis has been appointed field representative of Central Mutual in southern Louisiana with headquarters in Baton Rouge. He has been with the company for 10 years, most recently as assistant manager of the automobile department.

Glenn In N. J. Post Of Harleysville Mutual

Harleysville Mutual group has appointed Theodore K. Glenn New Jersey branch service office manager at Haddonfield. He was previously with American Casualty and Ohio Casualty and most recently with Henry D. Bean agency, Haddonfield, which represents Harleysville Mutual in New Jersey.

Form Miss. CPCU Chapter

Mississippi chapter of Society of CPCU has been formed. It is the 66th CPCU chapter. Zach Taylor Jr., Jackson agent, is president; James A. Tanselle, manager of the southern office of Grain Dealers Mutual, is vice-president; Egbert Schoone, Mississippi field supervisor of Great American, is secretary; and Edwin C. Brown, comptroller of F. W. Williams general agency, Meridian, is treasurer.

General Re has named as a director C. D. Howe, formerly Canadian minister of trade and commerce and minister of defense production. Mr. Howe is chairman of Price Brothers & Co., Ltd. and of Ogilvie Flour Mills Co., Ltd., and is a director of Bank of Montreal.

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red fire helmets and other rewards... the sponsoring agent just can't help but be proud of his role.

The Junior Fire Marshal Program is another reason why so many agents like to be with the Hartford.

Participating Hartford Agents are now receiving materials for the new 1961 Junior Fire Marshal Program. If you would like full particulars, write Business Development Department, Hartford Fire Insurance Company Group, Hartford 15, Connecticut.

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Hartford 15, Connecticut

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Set Aims And Develop Policies, Mutual Men Told

In order to capitalize upon the ability to be innovative in reaching the currently composed and presently changing mass market, management should establish objectives and develop policies that will accomplish these objectives.

This was the opinion of John W. Cowee, professor of business administration at University of California, given in a talk before the Advertising and Sales Conference at Seattle of American Mutual Insurance Alliance.

Need More Time

Producers will need more and more time to produce, Mr. Cowee said, and should not object when companies offer to perform certain agency routines through centralized automation. The private rights of life agents are not threatened by such procedures, and there is no reason to feel that the ownership rights of the property and casualty agent would be impaired.

"If anything I should think they would enhance the value of those rights, especially as they release the agent's time for selling and reduce his overhead costs of operation."

If these economies can be passed on to the policyholders, and increase an agent's volume and net income, the agent should be encouraged by the result, the speaker said.

The function of management is to find the agency structure best suited for penetrating the markets chosen by management as targets of the company in terms of relative effectiveness and cost. This means that all of the present approaches to production and agency management in use today will continue to be used.

Mr. Cowee said he did not foresee the end of the agency system, the stock company or the specialty company. But companies might advisedly prepare for greater competition from streamlined competitors fully geared to slug it out on price, product, service, and management know-how, backed up by national advertising which identifies the company, the policyholder and the agent as a single body.

Stress On Simplicity

Buyers of insurance in the future will respond more and more to things that make for leisure and simplicity in living, and the insurance company that wants to keep abreast of the competition will have to have the management and initiative to provide these qualities.

Buyers of personal insurance will probably seek convenience, service, coverages attractively designed and packaged, coverage at costs which TV and other advertising media convinces them are the lowest costs per package, Mr. Cowee said. The all-lines compact package may be to the insurance business what the compact car has been to the automobile business.

"I doubt that buyers in this mass market will purchase insurance just because it is mutual insurance, or just

because it is stock insurance," he said.

"There are some aggressive and original managers and leaders in insurance—this may be a major reason why private insurance has become such a large and responsible institution. These men have come up through the ranks and have received their commissions.

"Perhaps we should consider supplementing their special knowledge of insurance, the insuring function, and insurance management, with the particular training and ability of persons trained in the management skills," Mr. Cowee said.

Boston Fills Posts In Indianapolis, Lansing

Boston has appointed Paul N. Catherman manager at Indianapolis and Francis G. Westerman manager at Lansing. The Lansing office will serve all of Michigan except Wayne, Oakland and Macomb counties, which will be handled out of Detroit.

Mr. Catherman went with the group in 1951 as state agent in Indiana. Mr. Westerman joined the group in 1948 as Wayne county manager and subsequently became state agent in Lansing.

Springfield-Monarch Shifts Angell To N.J.

Theodore F. Angell, assistant secretary of Springfield-Monarch, has been transferred to the Montclair (N.J.) service office where he will be in charge of all property and casualty operations.

He joined the group in 1926 and after field and managerial experience was named home office agency supervisor in 1957. He was elected to the post of assistant secretary later that year.



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Zurich Names Roberts To Indiana Field

Zurich has appointed Robert C. Roberts Indiana sales representative, working out of the Chicago office.

Before joining Zurich, Mr. Roberts was a field representative for four years with Aetna Casualty at New Orleans.

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A. M. Wagner, 40-Year Man With Hanover, Is Retiring This Month

A. M. Wagner, secretary in the western department of Hanover, is retiring this month after 40 years with the company and a career in the insurance business beginning with the Chicago agencies of P. F. Cameron & Co. and Fred J. Sauter.

Before he joined Hanover, Mr. Wagner was a field man with Concordia of Milwaukee and helped organize that company's national auto department. He is the only executive still active with Hanover who was among the group that organized Fulton Fire in 1929.

Auto Insurance Veteran

Mr. Wagner's principal insurance occupation has been automobile, but his earliest training was fire and casualty, so that he is an old-time multiple line insurance man. Before the multiple line laws were passed, he originated an agreement between Hanover and Massachusetts Bonding and New Amsterdam Casualty under which a combined auto policy was written—the casualty companies handling the BI and PDL and Hanover the PHD.

Ohio Blue Cross Rate Hike, Oldster Proposal Irks Cleveland Doctors

Cleveland Academy of Medicine and Blue Cross of Northeast Ohio are at odds regarding a proposed basic rate increase of 22.4% in seven of the 12 counties the latter serves. Blue Cross plans to ask the Ohio department to approve the basic increase, plus an improved plan for older subscribers, who would pay lower rates. The lower rates—moving in progressive stages until a person who has held hospitalization insurance for 40 years would pay nothing at 65 for continued protection—would be financed through a 5% boost to subscribers in all 12 counties.

Dr. P. J. Robeck, president of the Cleveland Academy, said doctors had worked with Blue Cross to develop the discount proposal for older persons, but he said the 22.4% figure was never mentioned. "Had the plan for decreased costs for elderly people been introduced alone, it would perhaps have caught the imagination and interest of all voluntary insurance carriers," said Dr. Robeck. "As it now stands, this feature is lost, making it just another Blue Cross plan asking for another rate

increase."

Under the plan, senior subscribers would have their rates cut 25% after 10 years enrollment. After 20 years, their rate would be down 50%. The plan would reduce rates gradually for all participants who have five consecutive years of enrollment before they become 65. The new elderly discount plan would cost individual subscribers 25 cents more each month, and family contract subscribers would pay 50 cents more.

Malfanti S. F. Facultative Head Of Sterling Offices



Joseph E. Malfanti

Sterling Offices has appointed Joseph E. Malfanti manager of the facultative department at San Francisco. He has 30 years' insurance experience, and he has been assistant manager of the Pacific department of Security-Connecticut.

Home Plate Glass Plans Stock Split And Expansion

Directors of Home Plate Glass Ins. Co., Washington, D.C., have recommended a five for one stock split and changes in the corporate structure to permit broader operations.

Directors propose that the company name be changed to Home Casualty & Surety and that it expand into fire, marine, casualty, surety and fidelity risks. Also proposed is an increase in authorized capitalization to 350,000 shares of \$1 par capital stock. If stockholders approve, the presently outstanding 6,000 shares of \$5 par will be exchanged for 30,000 shares of \$1 par. The remaining 320,000 shares of authorized stock will be held in reserve.

Home Plate Glass, incorporated in 1882, was acquired in 1956 by Howard & Hoffman, Washington local agency. The company officers are V. Manning Hoffman, president; Herbert Pasewalk, vice-president and secretary, and Richard Winkelman, vice-president and treasurer.

Aetna Casualty Film For Africa

Aetna Casualty's latest highway safety color film, "To See Ourselves," will be shown this fall in schools in Rhodesia and southern Africa. The film was requested by American Foreign Insurance Assn. for showing by National Road Safety Council of Rhodesia.

Program Ready for NAII At St. Louis

Advance copies of the program for the annual meeting Oct. 31-Nov. 3 at St. Louis of National Assn. of Independent Insurers are being distributed to members. Between 800 and 900 insurance people are expected to attend.

Featured speakers include Senator Kefauver of Tennessee; Commissioner Sam Beery of Colorado; Charles B. Shuman, president American Farm Bureau Federation; Howard Pyle, president National Safety Council, and Ben D. Cooke, chairman B. D. Cooke & Partners, London.

Oct. 31 will be devoted to registration and committee meetings, and the convention proper will open the following morning with an address of welcome by Superintendent Leggett of Missouri. E. B. Rust, president State Farm Mutual Auto, will respond, and C. W. Leftwich, Nationwide Mutual, will give his presidential address. Following the report of Manager Vestal Lemmon, Commissioner Beery, who is president of NAIC, will give his speech.

Auto Compensation Forum

In the afternoon there will be a forum on auto accident compensation systems moderated by Prof. Harry Galven of University of Chicago. Participating will be Prof. A. A. Ehrenzweig, University of California (toward an auto accident compensation plan); Prof. Herbert Kuvin, University of Miami, (a critique of auto accident compensation plans); and Leo Selinger, president Civil Service Employees (the California story). Discussing these talks will be George Meneffe, insurance consultant of Baton Rouge; Clarence Kenney, vice-president Allstate, and Robert Rennie, vice-president Nationwide Mutual.

Talks the morning of Nov. 1 will be given by Harry A. Pratt, insurance manager Shatterproof Glass Corp.; Mr. Cooke, whose title is "Why Surplus Line Business?" Governor Pyle, on "Accident Prevention Work," and Mr. Shuman, on "The Government's Role in Agriculture."

Sen. Kefauver will address the luncheon and the afternoon will be given over to an executive session.

On the final day there will be a forum on auto cancellations moderated by P. N. Snodgrass, General Casualty. The panelists will be Norman Reuter, Emmco; Fenton A. S. Gentry, Southern Fire & Casualty, and Robert Rennie of Nationwide Mutual. Their prepared addresses will be discussed by Irving J. Maurer, Farmers Mutual Auto of Madison; J. J. Mallon, Preferred Risk Mutual, and a representative of Retail Credit Co.

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Company pays entire service charge and all moving expenses.

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Employers specifications—Age to 35, Accounting degree, minimum six years Home Office Comptroller Department experience. Require complete conversancy with annual statements; taxes, filings, etc. Must have tangible administrative background.

Company pays entire service charge and all moving expenses.

St. Louis Health Men Hear Problems Which Confront Underwriters

Underwriting impaired risks is exacting, and it is an area where misunderstanding between the underwriter and the field man is apt to develop, Frank R. Thomas, vice-president of underwriting North American Life of Chicago, said in his talk at the September meeting of St. Louis Assn. of A&H Underwriters. Because of the absence of reliable morbidity tables, the underwriter must play it by ear, and however sound his decision may be, it may frequently disagree with the action taken by a competitor.

Commenting on problems encountered by his company, Mr. Thomas said the first thing an underwriter looks for in reviewing an application for health insurance is the agent who wrote it. "If the agent submitting the case has the reputation for sincerity, honesty and fair play, the underwriter is going all out to get that case through on the best terms possible. If the agent has built up an opposite reputation, two strikes are against him at once," he said. "I am happy to say the latter are decidedly in the minority," he added.

Agent First Line Of Defense

He said his company regards the soliciting agent as the "first line of defense." If the policy does not require a medical examination and the application reveals no history of impairment, the policy is usually approved.

Sometimes, he said, the agent may not be at fault, and the applicant's complete medical history may be unknown to him. This is not easy to detect and may not be discovered at all until a claim is submitted.

Mr. Thomas said the real problem for the underwriter is to determine whether it is in the interest of service to the agent to overlook seemingly minor impairment histories or to investigate them all and run the risk of making the agent unhappy to the point of losing him to a competitor. The alternative is to issue the policy, and if withheld information is developed when a claim comes in, deny the claim and not only have an unhappy agent but also a disgruntled policyholder.

State Farm Reduces Auto Rates 7.5% In Washington

State Farm Mutual Auto has reduced auto rates in Washington an average of 7.5% for an aggregate \$600,000 savings to policyholders, effective Sept. 24.

About two-thirds of the company's 100,000 policyholders in the state will benefit from the new schedule. Largest savings will be realized by motorists who drive no more than 7,500 miles a year, no more than 30 miles to and from work, and whose cars are not driven by single males under 25. Rates will be increased for some drivers, particularly single men under 25.

Another change will give married men under 25, women drivers over 65 and males in other hard-to-insure categories a chance to qualify for full coverage instead of being placed in an assigned risk classification.

The McKnight & Lyman and the Eugene N. Houck agencies of Lansing are merging and will operate from the Houck agency offices occupying a building at 520 South Washington Avenue. Richard P. Lyman and L. Dale

Sheets are proprietors, respectively, of the two agencies. Mr. Lyman and the late Irwin McKnight purchased their agency from the late Clyde B. Smith, a former president of National Assn. of Insurance Agents, who had taken over the Rowe-Ackerman agency shortly after World War I. Mr. Sheets entered the Houck agency following the death of its founder and subsequently purchased it. He is the current president of Lansing Assn. of Insurance Agents. Mr. Lyman is a past president of that organization.

Pa. Lumbermens Names Franklin And Mitchell

Pennsylvania Lumbermens has transferred H. M. Franklin, special agent at Griffin, Ga., to Charlotte as special agent in South Carolina and western North Carolina. E. L. Mitchell has been appointed Georgia special agent.

Mr. Franklin was with Grain Dealers Mutual before joining Pennsylvania Lumbermens in 1955. He is immediate past president of Georgia 1752 Club. Mr. Mitchell was previously with Federated Mutual.

Hanover Advances Cameron, Toher

Hanover has elected James D. Cameron vice-president and named Vincent J. Toher assistant secretary.



James D. Cameron

tendent in 1958 and was named secretary in 1959. He was transferred to the home office earlier this year.

Mr. Toher went with Hanover in 1937 in the home office underwriting department. He subsequently was named special risk underwriter and chief underwriter in the middle and southern departments. He was appointed state agent in Rhode Island and southern

Zurich Makes St. Louis, Des Moines Branches

The St. Louis and Des Moines offices of Zurich have been elevated to full branch status, reporting directly to the head office in Chicago. Nathan C. Neesley has been named manager at St. Louis and Thad A. Kenny will manage the Des Moines office.

Mr. Neesley joined Zurich in 1958 as superintendent of agencies, midwest department, after having been assistant manager of the Oklahoma branch office of the Maryland Casualty and vice-president of a Grand Rapids agency. In 1959 he was appointed resident sales supervisor of Zurich at St. Louis.

Mr. Kenny joined Zurich in 1958 as agency supervisor at Grand Rapids. He had been Michigan manager of Trinity Universal. Prior to that he was an underwriter with Employers Liability at Chicago. He was appointed superintendent of sales at Grand Rapids last year.

Massachusetts in 1952 and was named superintendent of planning and development in 1958.

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Howard W. Haywood, Supt. of Claims

Wallace J. Stenhouse, Jr., Secretary

Colorado Agents' Annual, Oct. 21-22, Is Keyed To Sales

The ubiquitous Merrett-Adams sales training group makes another of its appearances at the 29th annual convention of Colorado Insurers Assn., Oct. 21-22, at the Broadmoor Hotel, Colorado Springs.

The theme of the two-day meeting

is "The Miracle That Turns You Into a Sales Giant."

Among the other events scheduled are two breakfasts, a luncheon and banquet. A full program has been planned for the ladies.

Lumber Mutual Fills Tex. Post

Lumber Mutual has appointed Norman C. Whitlock field assistant in Texas. He will assist C. Cliff Stowe special agent at Houston. Mr. Whitlock was formerly office manager in an agency at Alice, Tex., and later operated an agency at Corpus Christi.

Health Institute Kit To Aid Debate On Compulsory A&S

Health Insurance Institute has sent insurance reference kits to some 1,500 colleges and universities for use during the coming college debating season.

According to the institute, the committee on intercollegiate discussion and debate of the Speech Assn. of America

had chosen, through a poll of college directors of forensics, the debate proposition for nationwide use during the 1960-61 forensic season—Resolved: That the United States should adopt a program of compulsory health insurance for all citizens.

As a result, the institute said, insurance companies, Health Insurance Assn., the institute and other insurance organizations have been deluged with requests for background information on the question. To meet the requests, facilitate debaters' research, and centralize insurance reference efforts, the institute prepared the kits of reference materials.

Three Kits To Each School

Each school has been sent three kits, and HIA members have received one. Individual kits will be furnished upon request, and the institute has made its services available to the participants in the debate for more inclusive information in specific areas.

The kits contain reprints of an address by E. J. Faulkner, president of Woodmen Accident & Life, entitled, "Common Sense and Health Care Costs," and an article written by Ardell T. Everett, 2nd vice-president of Prudential, entitled, "March to Utopia—True or Political."

Other works included are the HIA statements of policy and such institute publications as "Source Book of Health Insurance Data," "Profile of the Health Insurance Public," "Health Insurance After 65," "New Progress in Financing Health Care," "Developments in Health Insurance," and the 1960 edition of "A List of Worthwhile Health Insurance Books."

Kansas Field Assn. Opens To Multiple Line Men

Kansas Capital Stock Insurance Assn., at a reorganizational meeting at Topeka, adopted a new constitution and by-laws to open membership to multiple line field men.

Lloyd F. Palmer, regional director of Insurance Information Institute at Oklahoma City, was the featured speaker.

A progress report on the second annual insurance school to be held Nov. 14-17 at Wichita was given. The school, sponsored by the association in cooperation with the University of Kansas extension center, will cover fire and casualty, policywriting and salesmanship.

Eastern Field Changes Made By Hartford Fire

Hartford Fire has transferred Wallace F. Lepper to special agent at Manchester, N.H., to succeed Robert E. Eno who has been transferred to Hartford. Mr. Lepper has been special agent at Syracuse since 1947. James J. Millerick has joined the company as special agent at Boston.

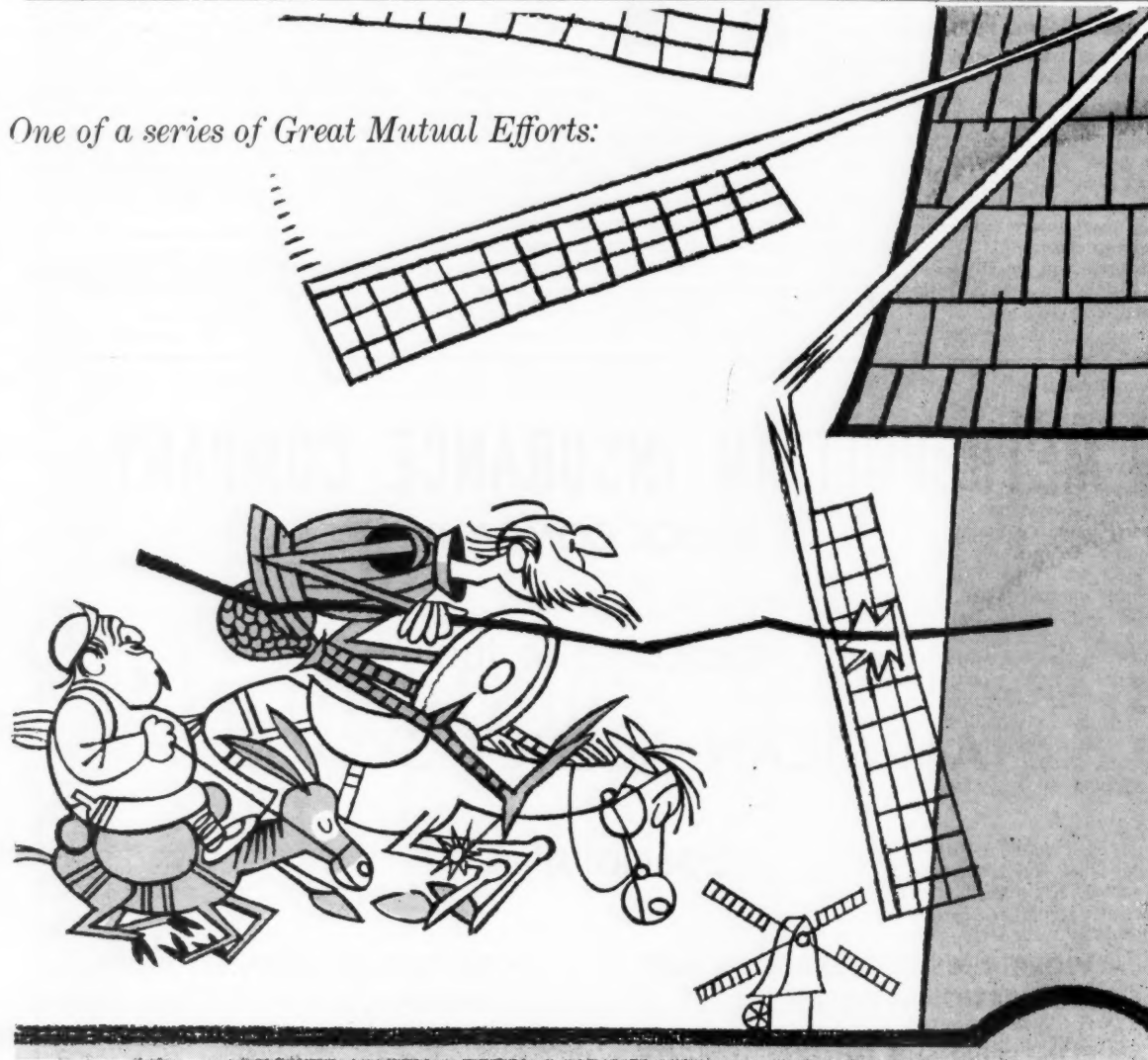
W. Va. 1752s Elect

New officers of West Virginia 1752 Club are J. G. Thornburg, Ohio Hardware Mutual, president; H. E. Nelson, Fiedler general agency, 1st vice-president; W. H. Haynes, State Auto Mutual, 2nd vice-president, and P. O. Coster, Inland Mutual, secretary. The organization is planning a two-day clinic next May.

Nationwide Mutual Buys Computer

Nationwide Mutual has ordered an electronic computer from National Cash Register Co. to be installed early next year. It will be fed information by wire by the company's regional offices.

One of a series of Great Mutual Efforts:



IT'S MUTUAL (Northwestern, that is)

Teamed together in a mutual effort, Don Quixote and his Spanish sidekick, Sancho, tilted a lance and made a lasting mark on the windmills of their time and the literature of ours. It still works. Whatever your goal, an agency agreement with Northwestern lets you aim higher with sharper selling points—the extra, proven savings of a strong mutual to accompany the extra, personal service of a local independent agency.



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Find Injuries Constitute Major 'Industry'

(CONTINUED FROM PAGE 2)

company operation and court and administrative agency expense allocable to personal injury claims." Completing the estimate is the "unknown amount spent by uninsured defendants for adjustment and defense . . ."

"While the idea of an 'injury industry' may be disturbing to many of us," the report states, "we cannot escape the fact that a significant portion of our economy is devoted to the business of compensating the injured. The figures themselves are not surprising. What is surprising is that so little is known about so large an economic activity."

Traces Origin Of Study

The report, probably the first of a series, traces the origin of the study which was authorized by the university as a major research project to be carried out by the law school and the university's survey research center under a grant by the William W. Cook Endowment for Legal Research.

An advisory council was created headed by Chief Justice John R. Dethmers of the Michigan supreme court and including: Thomas A. Eggleston, general manager at Detroit of Aetna Casualty; Robert J. Jamieson, general manager Detroit Automobile Inter-In-

urance Exchange; Thomas C. Morrill, vice-president State Farm Mutual Auto; Edward H. Schroeder, vice-president Allstate; W. L. Ginsberg, director research and engineering United Auto Workers-ALO-CIO, and a number of judges, industrialists and public officials.

Major object of the study, it was stated, was to "draw as complete a picture as we can of the various personal injury compensation systems, and

their effects on society for the entire United States . . ."

As a typical "compensation system," it was decided that a survey of personal injury losses and claims arising out of Michigan automobile accidents would be significant "as part of the over-all project." Information about auto accident cases was gathered from various sources, including the courts.

In terms of civil cases filed, it was discovered that auto personal injury suits constitute only 8% of all cases. But a larger percentage of these suits is carried to litigation that in other

civil categories, with only 11% of traffic injury suits dropped out between filing and "reaching issue." Auto personal injury actions account for 14% of all trials but represent 56% of jury trials, it was found.

The project currently is concerned with a study of 2,500 persons involved in auto accidents in Michigan, based on traffic accidents reported to Michigan police in 1958 and auto personal injury suits filed in state and federal courts in 1957. A final report of the entire study is not expected before 1962.

Phoenix Of Hartford

In Two Field Changes

Phoenix of Hartford has appointed Harold F. Porter Jr. state agent in southwest Connecticut at New Haven. He joined the company there in 1958 as special agent.

Henry Young, who has been in engineering and production work in upstate New York, has been appointed special agent in south-central New York at Syracuse.

Prebil Is Advanced At American Home Office

American has named A. J. Prebil assistant vice-president in the head office organization department. He joined the company in 1923 and was promoted in 1948 to underwriting manager at New Orleans. In 1949 he was named superintendent in charge of the technical training school, and in 1951 he was advanced to superintendent of the personnel division. He became staff superintendent of the organization department in 1957.

Security-Conn. Names Connell At Schenectady

Security of New Haven has appointed George E. Connell at Schenectady as special agent in eastern New York, western Massachusetts and Vermont. He was previously with General of Seattle as multiple line sales representative at Latham, N.Y.

Raise Moorhead In Marine

Maryland Casualty has advanced William W. Moorhead from assistant manager to manager of the marine department. He succeeds Ernest E. Alderman, resigned.

Plan Dental Blue Cross In Mich.

LANSING—Michigan Dental Service Corp. is being organized to provide a Blue Cross type of coverage for dental service. Dr. A. J. Donnelly, president Michigan State Dental Assn., said the new corporation will not be doing business for about a year. It will write only on a group basis.

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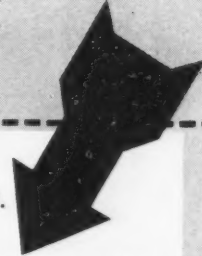
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N. Y. In Rebuttal To Conn. General

The New York department, in its second round in the courts with Connecticut General, maintains that the intention of the New York law and of the legislature supports the superintendent's opposition to the formation or purchase of fire and casualty insurers by life companies. The department's argument is contained in its answer to Connecticut General's brief recently filed with the appellate divi-

sion of the New York supreme court.

The department argues that more heat than light is cast by Connecticut General's repeated contention that because the department continues to license two life companies (Aetna Life and Travelers) which have had fire and casualty subsidiaries for more than 50 years, the refusal to allow Connecticut General a similar subsidiary acquisition is necessarily in violation of the equal protection clauses of the federal and New York constitutions.

The fallacy in that argument is ob-

vious, the department maintains. There are no constitutional principles—state or federal—requiring similar statutory and administrative treatment of those properly falling under two distinct categories.

Aetna, Travelers Separate Cases

Aetna Life and Travelers acquired their fire and casualty subsidiaries more than 30 years before the 1939 recodification of the New York law, as part of which section 193, prohibiting life insurers from doing certain types of business, was originally enacted. Clearly then, the two companies belong in a category apart from Connecticut General and other life insurers in the state, none of which, except Connecticut General, has ever attempted to secure a fire or casualty subsidiary.

It is immaterial whether or not section 193 is properly viewed as having retroactive effect, requiring relinquishment by Aetna Life and Travelers of their long standing holdings. Assuming that the statutes should have been so construed, the department holds Connecticut General should not become the beneficiary of alleged error. To permit this would bind administrative officials to perpetual error, the department argued.

Further Observations

It also pointed out that Connecticut General decries the alleged denial of equal protection claimed to result from the continuing licensing of fire and casualty insurers possessing life subsidiaries. Here again the company fails to appreciate that fire and casualty companies, as do Aetna Life and Travelers, constitute a class of insurers distinct and separate from that to which Connecticut General belongs, and equal protection arguments are consequently irrelevant. The due process argument made by Connecticut General is equally devoid of merit, for the company cannot seriously contend that the state is powerless to prescribe the standards a foreign insurer must meet if it is to be licensed to do business in New York, the department contended.

Until and unless the New York legislature should see fit to amend the law to encompass the proposed acquisition by Connecticut General of the stock of a fire and casualty insurer, that company must resign itself to the present law, the department concluded.

New York chapter of Society of Fire Protection Engineers will hold the first meeting of its chapter year Oct. 11 at the Masonic Club. Dr. Michael G. Zabetakis, project coordinator of the U. S. Bureau of Mines, will speak.

Program Is Ready For Ill. Agents Rally

Illinois Assn. of Insurance Agents will hold the annual convention in the Pere Marquette Hotel, Peoria, Oct. 30-Nov. 1. Following a pattern established a few years ago, the meeting will begin on Sunday afternoon with a local board workshop, with Harry C. Parrish of Paris, vice-president and chairman of local boards committee, presiding.

The second day begins with the annual membership meeting, followed by reports of officers and standing committees, adoption of resolutions, and presentation of the Maryland Casualty achievement award and William H. Jennings Jr. membership cup.

The first general session is scheduled for that afternoon and includes a panel on local agency advertising and one on the safe driver insurance plan in Illinois. Participants of the latter session will be Stetson Ward of New Haven, past president of the Connecticut association; Donald W. Perin, Chicago, chairman of the automobile committee (moderator), and one more member not yet announced.

The final morning will begin with a farm agents' breakfast and program, which includes Howard Jones, K. W. Pohl agency, Mendota; Robert Newell of the agency bearing his name, Ashland, and Benjamin A. Jones of the agency bearing his name, Decatur, association vice-president of farm affairs (moderator).

Panels At Second Session

The second general session that morning will feature two panels—pros and cons of merging agencies, and direct billing and continuous forms. Participants of the former will be S. F. Spurling of the agency bearing his name, Taylorville, and James H. Rupp Jr., Creighton-Jackson Co. agency, Decatur. The only member so far named on the latter is H. W. Mullins of Williams, Manny, Stevens & Engstrom, Rockford, the association's state national director.

At the final general session Tuesday afternoon, Elmer Miller, insurance editor Journal of Commerce, will discuss the trend in commissions, which will be followed by installation of officers.

Kenneth McFarland, educational consultant and guest lecturer of General Motors, will be the luncheon speaker on Monday. There will also be the customary banquet on the last evening and on Monday night there will be a "Western Roundup" party, courtesy G. A. Mavon & Co., Chicago. In addition, a special program has been planned for the ladies.



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St. Louis Agents At Sales Seminar Told: Be Salesmen

ST. LOUIS—The agent is, or certainly should be, a salesman in the purest sense of the word, Arthur M. O'Connell, well-known Cincinnati agent, told the annual sales seminar of Insurance Council of Greater St. Louis.

The all-day seminar was attended by some 200. Luncheon speaker was Mayor Raymond R. Tucker, who spoke on the opportunities of business in the greater metropolitan St. Louis area. Also on the program was Eugene F. Gallagher, manager and secretary Chicago board, who offered a factual and not too cheering review of the past decade in the fire and casualty business, noted the constantly changing array of the period's company and agency problems, and presented a look into the years ahead.

Mr. O'Connell noted that the predecessor of today's agent often sold insurance when the standard answer was "I don't believe in it." This man sold fire, liability, burglary and dozens of other classes of insurance against almost every conceivable type of competition—stock, mutual and reciprocal.

Today's predecessor created his own market. He sold against almost insurmountable odds, pioneered and prospered—and as long as today's agent carries out his true function—selling—he, too, will prosper.

Customers look upon the agent as a salesman—not a doctor, lawyer or philosopher, Mr. O'Connell stated. They look upon the agent as a good salesman, a well-informed salesman and a highly useful salesman—but a salesman nevertheless, even though at times the



St. Louis Mayor Raymond R. Tucker, (left), congratulating B. G. Gregory, executive secretary St. Louis board, after presenting the latter with a citation and a gold key to the city in appreciation of five years as a member of the mayor's new building code committee.

agent has attempted to conceal his true nature under a more dignified alias.

The speaker said he sometimes feels that the agent tries to oversell himself as a purely "professional" person; that somehow or other he loses face by hustling for business. More and more agents are referring to themselves as "counselors," "advisers," "underwriters," "consultants"—or more modestly as "insurance executives."

Mr. O'Connell emphasized that the public does not consider the agent to be in the same category as the family doctor, lawyer, etc. The agent is just that—a policy-writing, self-recording, self-financing, journeyman licensed insurance agent and his only income is from the sale of insurance to anyone who will give him the courtesy of an interview and a four-inch opening in the door for his feet.

American Reliable Moves To New Minneapolis Home

American Reliable has moved to its new \$110,000 home office at 7407 Wayzata Boulevard, Minneapolis. The building contains 7,000 square feet of floor space and will also house the affiliated American Union Mutual.

The former home office has been purchased by Security National Life.

Iowa AR Plan Reports

Robert L. Hilton, manager Iowa Automobile Assigned Risk Plan, has sent the members a report on the period July 1, 1959-July 1, 1960, during which time 10,074 new applications were received and 5,046 renewals, a total of 15,120.

The plan issued 11,166 policies, 6,120 on new assignments and 5,046 on renewal, and there were 3,954 applications closed without policies, of which 3,601 were returned for correction, and 353 were rejected by the plan.

Applicants cancelled 345 policies and the companies cancelled 630.

As of July 1, 1960, there were 10,191 policies in effect in the Iowa auto AR plan.

Leading writers of auto BI in Iowa, based on 1958 premiums, were Farm Bureau Mutual of Des Moines, State Farm Mutual Auto, Allied Mutual Casualty of Des Moines, Employers Mutual Casualty of Des Moines and Iowa National Mutual.

Assigned risk experience for all companies for the policy years 1956-58 inclusive show BI net premiums of \$701,160 and incurred losses of \$815,365, for a loss ratio of 116.3%. PDL premiums were \$573,448 and incurred losses \$449,963, a ratio of 78.5%.

Moody To Production For American Casualty

American Casualty has appointed Benjamin H. Moody production manager for the casualty department. Since joining the company in 1953 he has been a liability and casualty underwriter, a senior underwriter, and most recently supervisor of casualty underwriting.

Schreiber In New Orleans Post Of Atlantic Mutual

Nicholas J. Schreiber has joined Atlantic Mutual as special agent in New Orleans. He will service Louisiana, Mississippi and Mobile, Ala., for all fire and marine lines.

Globe Security Names Mavon

Globe Security, Chicago, has appointed G. A. Mavon of Chicago managing general agents in Illinois for a special series of packaged policies. The agency will initially handle a new automatic laundry owners policy, and other plans will be added.

Elcock V-P Of Olympic Of Los Angeles

Walter B. Elcock Jr., formerly president of Southern General of Atlanta, has joined Olympic of Los Angeles as vice-president and manager. He also becomes vice-president of affiliated companies, Sparton and Marathon.



Walter B. Elcock

with Southern General.

Mr. Elcock entered insurance in 1947 as secretary of Progressive Fire of Atlanta which merged in 1958

Standard Acc. Names Thompson

Herbert K. Thompson has been named chief casualty and property underwriter at Richmond, Va., of Standard Accident's Washington branch. He was formerly a casualty and property underwriter of the company at Baltimore.

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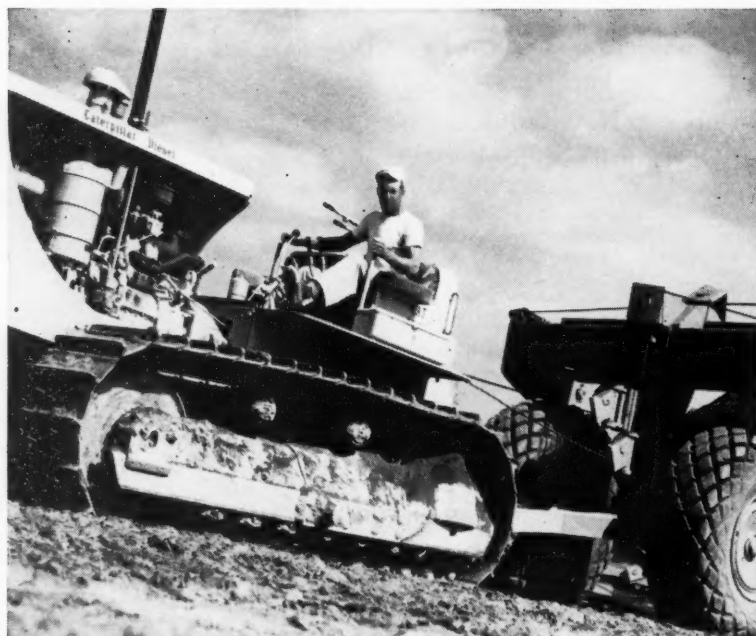
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Conventions

- Oct. 8-11, Kansas agents, annual, Broadview Hotel, Wichita.
- Oct. 13-14, Conference of Mutual Casualty Companies, sales and agency meeting, Conrad Hilton Hotel, Chicago.
- Oct. 14-15, North Dakota agents, annual, Grand Pacific Hotel, Bismarck.
- Oct. 16-18, Arizona agents, annual, Pioneer Hotel, Tucson.
- Oct. 16-18, Maryland agents, annual, Hotel Emerson, Baltimore.
- Oct. 16-18, Ohio agents, annual, The Neil House, Columbus.
- Oct. 17-19, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.
- Oct. 18-19, Massachusetts agents, annual, Sheraton Plaza Hotel, Boston.
- Oct. 21-23, Colorado agents, annual, Broadmoor Hotel, Colorado Springs.
- Oct. 22-27, National Assn. of Mutual Insurance Agents, annual, Statler Hotel, Washington, D. C.
- Oct. 23-25, Missouri agents, annual, Governor Hotel, Jefferson City.
- Oct. 24, Rhode Island agents, annual, Sheraton-Biltmore Hotel, Providence.
- Oct. 24-26, Assn. of Mutual Insurance Engineers, regional meeting, Sheraton Dallas Hotel, Dallas.
- Oct. 24-26, California agents, annual, Sheraton-Palace Hotel, San Francisco.
- Oct. 26-28, Nebraska agents, annual, The Town House, Omaha.
- Oct. 27, Connecticut agents, annual, Statler-Hilton Hotel, Hartford.
- Oct. 27-28, Kansas State Assn. of Mutual Insurance Companies, Holiday Inn, Topeka.
- Oct. 27-29, New Mexico agents, annual, Western Skies Hotel, Albuquerque.
- Oct. 30-Nov. 1, Illinois agents, annual, Pere Marquette Hotel, Peoria.
- Oct. 30-Nov. 1, Tennessee agents, annual, Andrew Jackson Hotel, Nashville.
- Oct. 31-Nov. 2, Nevada agents, annual, Las Vegas.
- Nov. 1-3, National Assn. of Independent Insurers, annual, Chase-Park Plaza, St. Louis.
- Nov. 2-3, Michigan mutual agents, annual, Panlind Hotel, Grand Rapids.
- Nov. 9-11, Insurance Section, American Management Assn., fall conference, Drake Hotel, Chicago.
- Nov. 10-11, Central Claims Executives Assn., Morrison Hotel, Chicago.
- Nov. 13-15, Kentucky agents, annual, Kentucky Hotel, Louisville.
- Nov. 14-16, Indiana agents, annual, Claypool Hotel, Indianapolis.
- Nov. 16-18, Casualty Actuarial Society, annual, Statler Hotel, Washington, D. C.
- Nov. 21-22, Illinois mutual agents, annual, Pere Marquette Hotel, Peoria.
- Nov. 28-Dec. 2, National Assn. of Insurance Commissioners, regular meeting, Commodore Hotel, New York.
- Nov. 30, Insurance Federation of New York, annual luncheon, Waldorf-Astoria, New York City.
- Dec. 1-2, Conference of Mutual Casualty Companies, accounting & statistical, office methods & personnel meetings, Conrad Hilton Hotel, Chicago.
- Dec. 28-30, American Assn. of University Teachers of Insurance, annual, St. Louis.

Berry in Financial Post At Employers Mutuals

Carl D. Berry, formerly special consultant and account executive with Exchange National Bank of Chicago, has been given the newly created post of senior vice-president of finance of Employers Mutuals of Wausau. He will supervise the comptroller's department and the actuarial, accounting and research departments.

Mr. Berry has been with Price, Waterhouse; Montgomery Ward, and Booz, Allen & Hamilton, where he was senior consultant and account manager. He has also been president of National Bellas Hess, Inc., a mail order firm, and for nine years was a fiscal consultant in Chicago.

Keaney in N. H. For GAB

General Adjustment Bureau has appointed Robert J. Keaney manager at Manchester, N. H. He succeeds Albert J. Foley who will assume full time duties as regional supervisor. Mr. Keaney went with GAB at Boston in 1948 and was transferred to Brockton, Mass., as senior adjuster in 1951.



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Accountants' Present Opportunities And Future Role In Marketing Are Described

By JOHN N. COSGROVE

Based on a talk at the quarterly meeting of Society of Insurance Accountants in New York.

Top executives of insurance companies often concede that the accountant is a wizard with figures, but they maintain that "he's not really in the business." They are mistaken. The accountant is not only in the business, but he is the one person in it who, at any given time, has a completely realistic picture of what's going on. Furthermore, in the competitive era ahead, the accountant—regardless of his official title—will emerge as the sole custodian of increasingly necessary data that a company must have in order to operate intelligently.

This is particularly true of accountants who are active in electronic processing. Traditional insurers have geared their operation to compete with merchandise in every other field of business as well as with exclusive agency companies, by offering similar facilities and attempting to streamline their processing operations. Company electronic processing of detail is an indispensable part of the program, as it is of exclusive agent company operations.

Therefore the accountant will have a unique and increasingly important role in the competitive future.

Present Opportunity

For the immediate present, the greatest responsibility and opportunity for the accountant is to stop his company from processing the profit out of the business. An old New England farmer was once following a sorry looking nag over a patch of ground on which the crop appeared to be nothing but rocks. A curious bystander stopped and asked him how he got enough out of his arid patch to support himself. The old farmer said: "Shucks, I don't live on income, I live on lack of expense." Insurers might profit by his example.

Many a company today is not solely concerned with getting profitable business. An equally pressing problem is to prevent legions of paper handlers from shuffling the profits out of the business. Every time an agent or a company employee comes unnecessarily in contact with a piece of paper or a procedure, pennies are dribbled away to form a pool of dollars lost forever in fruitless, non-productive work.

A straight line is not only the shortest distance between two points; it is also the most profitable. The straighter the processing line from the insurance buyer to the company, the better for all concerned.

These comments about wasted motion and duplication of effort are easy to make. But what's the remedy? Accountants are the only persons who can deal realistically with the situation, but they can't go into action until management gives them the go sign. It is fair to say that insurer managements in the past have not been noted for the speed or frequency of their requests to accounting departments for innovations in processing. But that situation—for better or worse—has changed.

Buyers Dictate Economy

In a sense, the decision making powers with regard to improved and more economical processing has been taken out of management's hands. The fundamental decisions are being made in the

market place. Buyers are increasingly indicating their preference for cheaper insurance—at least in the personal lines. Thus traditional insurers have moved increasingly into economy auto programs and into what amounts to a rate war in homeowners. Many auto programs have gone to electronic machines with direct billing and other innovations, and similar handling of

homeowners seems to be increasingly in prospect.

Despite somewhat rosier results in the first six months of 1960, competition grows by the day. Soon it will be accepted even by the most backward as the normal operating climate of the business. Thus management is forced to turn to accountants for expense reduction in processing and in other areas as well.

This is a wholesome development, but cutting expenses is a negative function and one not calculated to win popularity contests for accountants.

Whether or not they aspire to popularity, one of their aspirations is to make a more positive contribution to their companies than they have been permitted to make in the past. The road to that goal is wide open to them. If insurer managements don't let them take it, they are in for real trouble.

Future Task

If the business is in a new era—and few will dispute that it is—then the one man who is indispensable to any insurance company is the one who can give organized attention to forward



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planning. In this age of specialization, the insurance accountant might well specialize in trying to see the whole picture. No matter who makes the final decisions in a company, forward planning must be based on organizing and analyzing the facts and the trends relating to a particular company, to the entire business, and the general economy, right up to the edge of the future and beyond.

These facts must be gathered with objectivity as well as understanding and related to each other without fear or favor. The individual charged with

that responsibility may not always win his point, but he must command the respect of management and indeed be a vital part of it.

Organized planning cannot be left in the hands of administrative, underwriting, or even production officials, even though some of the latter have recently been exalted with the title of marketing experts. All of these officials must feed on facts if they are to give proper direction to a company. Accountants are the only source of facts. Equally important, they are the best qualified among all insurance com-

pany officials to determine trends in the business and to interpret their meaning for a particular company. This unique ability to evaluate trends is the most compelling reason for making a more important place for the accountant in management.

Role In Management

There have been a number of definitions of management. One classic definition holds that it is really a decision making process. Decision making consists of four distinct steps. First comes dissatisfaction with existing op-

erations. This leads to nomination of an alternative course of action. This is followed by prediction of what the effects of the alternatives will be. Finally, there must be evaluation of the predicted efforts of determine—insofar as is humanly possible—whether the plan is satisfactory. If it is thought to be satisfactory, action follows. If not, the process starts all over again.

These steps are the be-all and end-all of decision making and hence of management. If any step is missing, chaos results.

In three of these steps, all types of competent insurance company executives are concerned. But in one vital step, only the accountant is competent to act.

By lifting three of the steps out of context, it is possible to demonstrate that various executives participate in them:

1. Dissatisfaction—any type of official may sense that something is wrong and that a change should be made.
2. Nomination of an alternative—here again any type of official may come up with a totally new plan.
3. Evaluation—the over-all management must compare the expected outcome of several different plans and decide on the best one.

Role In Prediction

The step that is missing is the all important one of prediction—the process that reveals the expected outcome and makes a sound decision possible. No other insurance company official, except the accountant, can handle the prediction step. Authorities agree that only the accountant—with his computer and mathematical analysis—can fully explore the possible effects of a change in some aspect of operation. It can't be done successfully on a consistent basis by human intuition, so called management know-how, or by any other mysterious process.

In the past couple of years the spotlight has been on the marketing men in traditional insurance companies. Many of them seem to have made varying degrees of headway in coming up with new competitive programs. A good many marketing officials, however, try to meet competition after someone else has shown the way. The "someone" includes the exclusive agent companies, and to a more limited degree those few traditional companies which have introduced innovations.

Perhaps it is time that an equal share of the spotlight should fall on what someone has called the brother-sister act of applied mathematics and the electronic computer. This combination, directed by the accountant, is the only facility for determining trends. Hence, some qualified observers believe it will be the most significant development in modern marketing.

This is not to say that any formula, or machine, or accountant, for that matter, will be making marketing decisions. But they will provide management with facts and allow it to base major decisions on reliable informa-



"\$9,634 in premiums made Friday the 13th my lucky day!"

says Charles B. Jones, Aetna Casualty Agent in Philipsburg, Penna.

"Thanks to the help and incentive of Aetna Casualty's Friday the 13th Hoodoo Day promotion, I produced \$9,634 of annualized premiums in Accident and Sickness lines. Hoodoo Day, one of the best sales ideas I know of, opens the door to wholesale A&S business and a substantial increase in commissions."

Mr. Jones' reaction is typical of the enthusiasm expressed by many agents who participate in Aetna

Casualty's selling promotions. On Hoodoo Day, for example, held every Friday the 13th, an intensive A&S sales campaign helps Aetna agents increase their production dramatically in this profitable line. And since the new Salary Budget Income Protection Plan was introduced, all previous sales records have been broken. Every Hoodoo Day builds new enthusiasm, because, for most Aetna Casualty agents, Friday the 13th is truly a lucky day.

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tion rather than on hunches, incomplete knowledge, or more emulation of competitors.

Specialist Needed

Some insurance executives will laugh at this claim, or at least shrug it off. Some people will always prefer witch doctoring to the medical specialist with his analytic tests and X-rays. The specialist is not always right, but chances are, if a patient has a jumpy gall bladder, the specialist will locate the trouble and remove the stones instead of some other, unoffending giblets. The specialist is bound to do the patient more good more often than the witch doctor who performs a ceremonial dance and utters strange cries. There is considerable witch doctoring in marketing among insurers as well as in other fields of business, and the ceremonial rites usually consist of beating the advertising and sales tom-tom, sometimes with scant reliance on facts.

Perhaps a more accurate and dignified analogy can be drawn. The computer and applied mathematics will put insurance marketing in a class with the engineer whose factually projected theories assure him that his bridge will stand even before the first girder falls into place.

Perhaps some will consider this an over-statement of the future role of the accountant in marketing. It may be well to call their attention to the fact that the evolution of mathematics and electronics has already spawned a wide variety of uses for computers in marketing. Sales Management magazine with the help of IBM and Remington Rand has identified some of the operations which can be performed right now on the simplest punch card machines. Others may require somewhat more elaborate equipment.

Present Possibilities

Among these operations is up-to-the-minute analysis in depth. Easily available on punch cards is such information as population and percent of total population, plus retail sales in various categories for every town, city and county in the U. S. Any amount of other information can be punched into these cards: Breakdown by sales territories; share of the market expected for each product line; previous years sales, etc. Depending on what other information is included, these cards can be used for such things as:

1. Establishing sales quotas by territory.
2. Comparing sales with past performance and quotas.
3. Analyzing and comparing sales per territory by line.
4. Spotting unusual sales drops or

risers in individual territories.

5. Keeping up to date on commissions.

6. Making a year end analysis to show trends, growing and dying markets.

7. Allocating advertising expenditure.

8. Spotting geographical preferences in coverage.

Other Contributions

In addition, year end or more frequent analysis of customer action can be made to determine who bought what, in what amounts, and which customers represent the fastest growing accounts. Also possible is evaluation of day to day sales of a new product—including the evaluation of differing promotional methods, buying peaks and other factors.

All of these invaluable marketing services can be performed by most accountants and their departments, as of this very moment, not in some dim and distant future. Further possibilities are limitless.

Development of such information would be for the specific use of a particular company. Thus the accountant is the only person in the business who can lead his company away from the "uniform approach" to marketing and other operations. As more and more companies are forced to go their own way in the competitive era now gathering momentum, accountants will be members of the marketing team. That may not be their idea of the millennium, but at least it will be a change. Management will be asking them to shed some light on the paths it contemplates taking. In the past, all too often, management has only asked them to shine the light on the path it has already taken, in order to find out where and how it got lost.

Mrs. Caragher Assistant Secretary Of Guarantee

Patricia M. Caragher has been made assistant secretary of Guarantee of California, succeeding Anne S. Watson, retired. Mrs. Caragher started with the company as secretary to the founder, James S. Deering. She has also been in claims work, casualty underwriting, and secretary to T. A. Long, president of the company.

Portland Agents Elect

William H. Lilly has been elected president of Portland (Ore.) Assn. of Insurance Agents. He will serve until September 1961.

Other new officers are James M. Campbell, vice-president; Alfred J. Davis, secretary, and A. Thomas Bowen, treasurer.

Stuyvesant Appoints Reid To Claims Post

Stuyvesant has appointed Thomas B. Reid manager of the claims department. He succeeds Richard H. Work who has gone with Southern General as vice-president in charge of claims.

Mr. Reid was formerly with Bankers Life & Casualty in the A&H department at Chicago. He joined Fidelity & Casualty in 1949 as supervising examiner of casualty claims. He went with Continental Casualty in 1955 and advanced to manager of the casualty

Hill Shifted To N. Y. By Atlantic Mutual

Atlantic Mutual has appointed Frank Hill supervising underwriter for compensation and general liability lines in the casualty branch and agency unit at the home office. Following underwriting activities in Virginia and North Carolina, Mr. Hill joined Atlantic Mutual in 1957 as casualty special agent at Cincinnati.

and surety and fire claims department, his latest position.

The advertisement for AFIA features a central circular logo with the text "AMERICAN FOREIGN INSURANCE ASSOCIATION" and "AFIA" in the center. Surrounding the logo are several international symbols and characters, including a Japanese torii gate, a Chinese character "亞", a Greek letter "Α", a stylized figure, and a kangaroo. Below the symbols, the text "AFIA" is written in large, bold letters.

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- The Home Insurance Company
- The Phoenix Insurance Company
- Reliance Insurance Company
- St. Paul Fire & Marine Ins. Co.
- Springfield Fire and Marine Ins. Co.
- United States Fire Insurance Co.
- Westchester Fire Insurance Co.

The AFIA logo is prominently displayed, consisting of the letters "AFIA" in a large, bold, sans-serif font. To the left of the logo is a small circular emblem with the text "AMERICAN FOREIGN INSURANCE ASSOCIATION". Below the logo, the address "161 William Street • New York 38, New York" is listed.

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 LOS ANGELES OFFICE... 3277 Wilshire Boulevard, Los Angeles 5, California
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N. C. PR Program And Center Under Thomas

North Carolina Assn. of Insurance Agents has established a public relations program and has set up an insurance information center at its headquarters in Raleigh. Carlton Thomas, who recently resigned as editor of the American Agency Bulletin, official publication of NAIA, is in charge of the new office.

The program is aimed at the local board, local agency and statewide levels. Goals include the improvement of

public and company understanding of the value, standing and importance of the independent local agent. Another purpose is to improve and increase member agent participation in worthwhile activities relating to insurance in the local community and the state.

Home Mutual Is Constructing Office In Minneapolis

Home Mutual of Appleton, Wis., has started construction on a \$224,000 district office in Minneapolis. The building is expected to be ready for occupancy April 1, 1961.

Number Of Malpractice Suits Declines In Wis.

The number of malpractice suits against physicians in Wisconsin has declined in the last 30 years, contrary to the trend in California and a few other states, members of Wisconsin Academy of General Practice learned at their annual meeting.

Attorney Irving W. Zirbel said the incidence of malpractice cases per 1,000 doctors in 1957 was 76% lower than in 1927, and in the 10 years ending in 1957, the incidence was 22% less than

in the previous 10 years. He attributed the decrease partly to better trained doctors giving better medical care.

The reason for the opposite trend in California, he said, is that courts there apply the legal doctrine of *res ipsa loquitur*, which requires the defendant to prove he was not negligent rather than the plaintiff to prove he was.

Despite the downward trend of claims in Wisconsin, juries are granting larger awards to plaintiffs, Mr. Zirbel observed.

Misunderstanding about fees is the chief cause of malpractice suits, he said. Patients usually fail to pay the doctor's fees because they cannot afford it or they are dissatisfied.

If the doctor starts action to collect his fee, the patient often will hire a lawyer, who will then advise a malpractice action. Once this is filed, the patient reads about big jury verdicts, talks to neighbors and friends, "then his claim takes on tremendous value, and he has visions of retiring in Florida," he declared.

Mr. Zirbel advised his listeners to take a careful look before turning a bill over to a collection agency. He recommended also that doctors have a clear understanding with patients about the risks and limitations of an operation before surgery, be wary of criticizing other doctors and keep detailed office records of each patient visit.

Quaker Agency Organized In Newark To Provide Domestic Surplus Market

Quaker Agency has been formed with offices at 24 Commerce Street, Newark, to write surplus lines, act as general agents for Mount Vernon Fire of Pennsylvania, to provide a domestic market for excess lines ordinarily going to London, and to write brokerage. Frank S. Walsh is president, A. W. Berry vice-president, and Arthur Berry secretary.

Mr. Walsh has been in the business 32 years in agency and then in adjusting. He has his own adjusting firm operating under his name in New York and New Jersey, and that firm continues in business. The Berrys own U.S. Liability and Mount Vernon Fire, located at King of Prussia, Pa. The latter company writes on a non-admitted basis outside Pennsylvania, and on a non-admitted and admitted basis in Pennsylvania.

Casualty Actuaries Have Book On Fire Rate Making

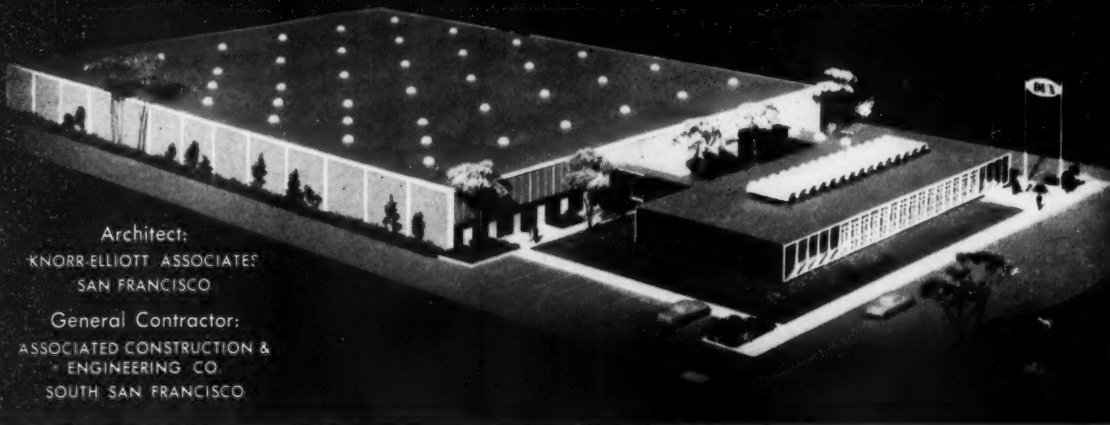
Casualty Actuarial Society has published a book on fire insurance rate making and kindred problems. The book consists of 10 studies of the methods used in making fire rates. Included are decisions on statistical plans, the procedures of rate revisions, development in rate making techniques, credibility and catastrophes.

This is the first of a series of publications being developed as part of the society's educational program. The book is available at \$5 a copy from A. Z. Skelding, secretary-treasurer of the society, at 200 East 42nd Street, New York 17.

Lyle Adjustment Moves

Lyle Adjustment Co. of Albuquerque has moved into its own office building at 730 San Mateo, S. E. John W. Filtz is president of Lyle Adjustment. The company operates in New Mexico and west Texas with offices in Albuquerque, Clovis, Alamogordo, Carlsbad, Las Cruces, Gallup, Roswell, Hobbs and El Paso.

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Award-winning DUX Incorporated, importers and manufacturers of Scandinavian furniture, has just moved into its new national headquarters in Burlingame. The offices and assembly plant occupy 46,000 square feet near the San Francisco International Airport.

To safeguard its matchless designs, as well as the plant and offices against fire, burglary and other hazards, DUX chose, naturally, a combination of ADT Automatic Protection Services. The handsome structure is protected against fire by ADT Sprinkler Supervisory and Waterflow Alarm Service, which automatically summons the fire department whenever the sprinklers operate. This service also maintains a constant automatic check on shut-off valves and other water supply conditions. ADT Burglar Alarm Service summons police in case of attack on doors, windows and other vulnerable points.

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Reading His Policies, Insured Is Appalled And Also Enlightened

How one insured benefited by reading his insurance policies is described in the October issue of Reader's Digest. Written by Frank J. Taylor, the article tells how he got into policy reading after having a check returned from an insurer for payment of premiums on two disability policies which had been canceled a year before "unknown to me."

These were "non-cancelable" policies. But when Mr. Taylor read the contracts he found that though "Non-Cancelable" was printed in big type at the top of the policies, small type at the bottom of the page stated that the policies automatically expired when he reached a certain age. The agent had not explained this. Mr. Taylor, however, concedes that the insurer had not deceived him.

This "shocker" spurred him to read all his policies. In one, he found medical and surgical benefits he did not know about. The homeowners, he states, was written in such "gobble-dyook" that he could not decipher it, though he has made his living for 40 years as a writer. He went to his insurance broker for a translation.

His examination of the auto policy raised several questions—does it have uninsured motorist coverage, are the limits high enough (he increased his to 100/300 for \$4), does the coverage apply outside the U.S. and Canada, and does it provide merit rating?

With 1,600 insurance companies and thousands and thousands of different policies, Mr. Taylor recommends insured get in with a good broker or agent. If insured doesn't know one, he should ask an insurance company, a banker, or National Assn. of Insurance Agents, Mr. Taylor advises.

Zurich Makes Assignments At Cleveland, Kansas City

Zurich has appointed three multiple line sales representatives in the Cleveland territory and has added to the staff at Kansas City.

New appointees at Cleveland are W. Dean Ehlert, Richard H. Erickson, who will handle northeastern Ohio, and Raymond P. Corrigan, who will head the Cincinnati office. Mr. Ehlert has had six years' experience with Aetna Casualty. Mr. Erickson was a special agent at Lakewood, O., for North America and before that was with Colonial Life. Mr. Corrigan has been in the business 11 years with Trinity Universal and Wolverine.

At Kansas City, Gene R. Shores has been named sales representative, Mary Louise Moran, claims examiner, and Viola Ellen Sagebiel, fire underwriter. Mr. Shores has been with the C. C. Laming agency of Tonganoxie, Kan., and before that was with Acacia Mutual Life. Mrs. Moran has been with Financial Industrial Fund and Hardware Mutual Casualty, and Mrs. Sagebiel was a fire underwriter with the Strauss, Fuch, Oppenheimer agency of Kansas City.

Dayton CPCUs Elect

The Dayton-Miami Valley (Ohio) chapter of Society of CPCU has elected the following officers: President, Charles D. Lamb, Dayton; vice-president, William G. Reed, Piqua; secretary, James B. Abbey, Dayton, and treasurer, John M. Smith, Wilmington. The chapter's annual dinner will be held Nov. 17, sponsored jointly with the Dayton chapter of Society of CLU.

Cecil Sawyer Succeeds McKee As President Of Cal. Casualty Exchange

Cecil L. Sawyer has been elected president of California Casualty Indemnity Exchange to succeed John R. McKee, who is retiring. Carl G. Brown Jr. has moved up to chairman of the advisory board, a position also held by Mr. McKee.



Cecil L. Sawyer

Mr. Sawyer has been vice-president for 12 years, having served in underwriting, engineering and sales during his 27 years with the company.

Son of the founder of the company, Mr. Brown has been chairman of Index Underwriters, brokers and managers of California Casualty. He went with the exchange in 1932.

Mr. McKee who is concluding 36 years with California Casualty, spent 12 years each as treasurer, vice-president and president. He will remain a director of Index Underwriters.

Pa. Casualty Companies May Issue Preferred Stock

The attorney general of Pennsylvania has ruled that a domestic casualty insurer may issue both common and preferred stock. The ruling came at the request of Commissioner Smith in the case of an unidentified group which is seeking to incorporate as a stock casualty insurer with a capitalization of \$250,000, divided into 2,325 participating preferred \$100 par shares and 3,500 common \$5 par shares.

The attorney general observed that non-domestic insurers can issue preferred stock and that domestic companies should have the same flexibility.

New Jersey County Agents Elect

Mercer County, New Jersey, Assn. of Insurance Agents have made Clifford W. Snedecker president. Other officers include Paul K. Rechenberg, vice-president; James P. Harrah, secretary, and Charles S. Stults Jr., treasurer.

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"I can't afford it!"

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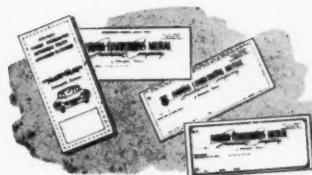
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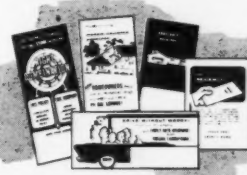
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①

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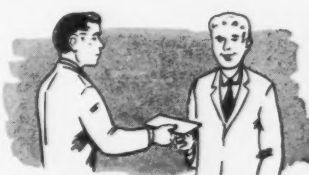
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Loss Adjusting Units, III Plan Cooperation

A meeting has been held in New York to establish a plan of liaison and cooperation between loss adjusting organizations and Insurance Information Institute. Roland H. Lange, Hartford Fire, president of III, stated at the meeting that public opinion of insurers rests heavily on the attitude of persons who have or believe they have suffered a loss covered by insurance.

Some policyholders, he said, feel

the merchandise they bought is delivered only in the form of a claim settlement check. At best, adjusters are dealing with persons who are in a distressed frame of mind, and to do their job properly adjusters should be masters of public relations and insurance contracts.

Representatives attended the meeting from Assn. of Casualty & Surety Companies, General Adjustment Bureau, Loss Executives Assn., National Assn. of Independent Insurance Adjusters, National Board, Underwriters Adjusting and III.

Fire Rates Reduced For Cal. Suburbs

SAN FRANCISCO—Building and contents fire rates have been reduced on family dwellings in the suburbs of California which presently are zoned class 8 or higher for fire rating purposes, but still meet certain other fire protection requirements, according to Pacific Fire Rating Bureau.

The reductions result from changes in protection classifications and the revisions also apply to dwellings written

under homeowners or comprehensive dwelling policies. Dwellings which are presently located in areas graded Protection class 8, 8*, 9, 9* or 10 will take the rates of protection class 7, if they meet the following requirements:

—Dwelling located within five miles travel distance from a recognized fire department station that will respond.

—Dwelling located within 1,000 feet of a public fire hydrant with 2½ inch hose outlets and connected to a 4-inch main.

—Dwelling occupied by not more than two family units.

—Dwelling not located in a severe brush or forest conflagration area.

Maximum changes in the dwelling and contents rate—where a class 10 risk is now rated at class 7—would approximate a 50% reduction in rate. For purposes other than rating, the protection class will remain unchanged. For specifically rated dwellings eligible under the new plan, producers are advised to apply to the bureau for the new rate.

Two Big Dallas General Agencies Merge, Form General Agency Corp.

General Agency Corp. has been formed at Dallas through a merger of two widely-known managing general agencies, T. A. Manning & Sons and Barney Vanston & Co.

The new organization will be managing general agent for Southwestern F.&C., formerly handled by the Manning agency, and will represent Employers Liability, Ohio Farmers, Pennsylvania, U.S.F.&G., and Transit Casualty.

W. M. Oliver will head the new agency. In the business 20 years, he has been with Gulf, Southwest General and Pacific National Fire. Other key officers are Robert E. Sink, formerly with Factory Insurance Assn., vice-president of underwriting; Robert Connolly, formerly with the Vanston agency, for fire and inland marine, and Paul Zimmerman, also of the Vanston agency and previous to that with Aetna Casualty, in charge of auto and casualty lines.

Two Insurers Consolidate Operations At Chicago

The operations of American Surety and Pacific National Fire have been consolidated in Brooks Building, 223 West Jackson Boulevard, Chicago, to broaden the facilities at the western regional office. Personnel of both companies have been integrated there.

Owen D. West has been named regional manager and Kenneth J. Stoike associate manager. W. E. Robinette is fire manager, Joseph H. Kellan assistant fire manager, and Jack C. Enter supervisor of the homeowners' unit.

David W. Hoefer has been named regional casualty manager, R. M. Curtis assistant casualty manager, William J. Decherd surety bond manager, Edward O. Platell fidelity and public official bond manager, Elmer C. Mulder fire loss manager, and Ralph Guy assistant fire loss manager. D. J. Goetz is regional comptroller, and Harley Woods assistant comptroller.

Names Barley At Syracuse

Frank Barley has been made excess and surplus manager of Continental Casualty at Syracuse. He joined the company in 1954 as casualty underwriter in New York. Prior to that he spent 3 years as a fire special agent.



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Study One Insurer For ARs In N. C.

Commissioner Gold of North Carolina conducted a hearing on his proposal that the industry establish a single pool or insurer to write assigned automobile risks in that compulsory state. Mr. Gold also indicated that he will, at the next session of the legislature, propose an automobile insurance fund to pay claims of any insurer that goes bankrupt. Another hearing on the two proposals will be held after Nov. 8, election day.

The commissioner said he believes a single insurer or pool for assigned risks would expedite the handling of policies and speed claim service. It would reduce expense, get all experience in one place, and ease the agent's problems with ARs.

Richard C. Wagner, assistant general manager of Assn. of Casualty & Surety Companies, said his organization leans toward the single insurer idea rather than a pool because it would be a simpler operation. He said he would discuss the Gold proposal with his companies.

Harry Randall, Raleigh agent, defended the present system, which he said has done a magnificent job. He is opposed to the pool or single company idea.

Program Under Way

A. C. Givens, Charlotte, North Carolina manager of Aetna Casualty, said that a long range effort now is under way to reduce the population of the AR plan in the state. Given time, the personnel problem caused by the rapid increase in assigned risks under compulsory will be eased and many of the other problems solved.

Paul Mize, manager of the plan in that state, said that in the year ended last June 30 there were 189,629 risks in the plan with premiums of \$9,502,632. The number of risks increased 25% over the preceding year.

John Marinelli, a Jacksonville, N. C., agent, testified that he also has found the existing plan very satisfactory. However, there have been complaints from insured because of the way companies handle transfers and FS-1 forms.

Mr. Gold indicated that the idea of a single insurer has been discussed on a national basis. But North Carolina can't wait for what may happen nationally, he said. "I'm not sold on this approach if someone can present a better plan. All I'm saying is we need to do something."

The proposal for a security fund for defunct insurers drew more opposition. Mr. Gold has in mind a fund of \$750,-

000, or 1% of the annual premiums paid for auto liability in the state. This would be raised by an assessment, which would not be repeated except when necessary to return the fund to the 1% level. The workmen's compensation security fund has been used twice in 30 years.

Chief advantage of the fund, Mr. Gold said, is to provide prompt payment of claims against a bankrupt insurer rather than for claimants to have to wait to be paid until all claims are settled.

Mr. Wagner said his group feels there is no real necessity for such funds and therefore over the years has opposed them. There are only two, in New York and New Jersey. Adequate supervision by insurance departments can prevent insolvency. A security fund ties up large sums of money for long periods of time and imposes unnecessary costs on insured. It encourages bad management and could lead to retaliatory laws in other states.

Vestal Lemmon, general manager of National Assn. of Independent Insurers, suggested that if a fund is set up, the money should come from the present North Carolina premium tax.

Richard S. Brantley, executive secretary of North Carolina Assn. of Insurance Agents, said he thought agents would favor the security fund. Richard Juby, executive secretary of Mutual Agents Assn. of the Carolinas, expressed himself similarly.

Mr. Gold asked for opinions of whether a single security fund should be established for stock and mutual companies, or a separate one for each class of insurer. No one expressed an opinion on this point.

Ga. Agents Use Billboards Instead Of Big TV Plan

Georgia Assn. of Insurance Agents is undertaking a billboard ad campaign in lieu of the second 13 weeks of TV Big I advertising scheduled in the state this fall.

The alternative plan was adopted after a study in which many agents pointed out that TV reception was mediocre or poor in rural areas. Other agents said that the momentary appearance of the Big I emblem on TV two or three times during a short program once a week was not enough to produce a lasting impression.

The intensive billboard program will blanket more than 100 Georgia market areas with 300 signs during this November and December and February, 1961. The billboards will feature the services of the independent agent, the Big I emblem and the name of the state association.

Local associations or individual

agents wishing to have their names imprinted instead of the association's may do so at their own expense through local arrangements.

Publish First Volume In NAIA Education Project

McGraw-Hill has published "Property and Casualty Insurance" by Curtis M. Elliott, professor of economics and insurance of the University of Nebraska and consultant to National Assn. of Insurance Agents and to the Nebraska department. The volume is the first in a series being cooperatively produced by NAIA and McGraw-Hill.

Written from the agent's point of view, the book provides practical information on the sale and servicing of property and casualty coverages. The book is available at \$6 a copy from the publisher at 327 West 41st Street, New York 36.

Name Ralston Purina Buyer

Otto P. Blumfelder has been appointed insurance manager of Ralston Purina Co., St. Louis. He succeeds V. W. Gieselman, who has retired.

Buffalo Advances Edelman, Abbott

Buffalo has advanced John L. Edelman from general claims manager to vice-president, and Leo J. Abbott from manager of the western and central New York department to resident secretary. Mr. Edelman remains in charge of claims.

Mr. Edelman was with American before assuming supervision of claims management of Buffalo in 1959. Mr. Abbott joined Buffalo in 1955.

Georgia 1752 Club Meets

To Name 1960 Officers

At the annual meeting held Sept. 10 at Jekyll Island, Ga., Georgia 1752 Club elected the following officers: J. M. Johnson, Worcester Mutual, president; W. R. Durden, American Mutual Fire, vice-president; and R. B. Carkuff Jr., Lagerquist & Co., secretary-treasurer. Named directors were Robert Gowen, Lumbermen's Mutual, William Bishop, Berkshire Mutual, and Curtis Holland, Central Mutual.

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Actuaries' Realistic Approach Valuable

The actuary by nature wonders "why" and therefore is the one to turn to for many answers to questions in the business, according to Charles L. Niles Jr., assistant actuary of General Accident. He spoke at a meeting of the New York chapter of American Society of Insurance Management.

The insurance buyer today wants to know what he is buying, Mr. Niles noted. The buyer would like to understand pricing principles and is no longer apt to accept the statement that

"it has always been done that way." State insurance departments are no longer inclined to accept the word of insurers that they should have a particular rate change because they need it. The departments want to be shown that these changes are truly required.

Want Something Substantive

Insurer managements also want something more substantive than "I think it should be done this way and at this price." Competition and red ink

are causing them to search for something more scientific, Mr. Niles said.

Due to his background, training and intellect, the actuary has the desire to search out the "whys" and the ability to discover the underlying truths. The actuary supplies the logic to the insurance business.

For years the fire and casualty business went along like many others without any real scientific planning and did very well without it, Mr. Niles observed. The men who managed the insurers were able. They had an intuitive knowledge of what they were

doing and for the most part they were correct in their actions. Theirs was the school of experience.

It is, however, unfortunate that neither intuition nor experience can be passed along, and the actuary's task is to translate them into recorded scientific knowledge for those who will not have the opportunity to attend the school of experience that was available to others.

Mr. Niles pointed out that the actuary's main tool is the scientific approach. From his studies he will determine the basic underlying relationships. Thus, he may well prove something that has been generally done and probably generally accepted for a good many years. The important consideration here is that once this has been proven by the actuary it will no longer be subject to attack from various quarters.

As a result of investigation the actuary will uncover the wrongs with the rights. That which was right 10, 15, or 20 or more years ago is not necessarily right today. Times and conditions change, and needs and answers often change with them. Since the actuary now understands the basic relationships underlying the "why," he may well be able to come up with the correct answer for today's conditions, Mr. Niles declared.

Cites Examples

For example, a problem arose in the Massachusetts automobile situation whereby, regardless of the over-all adequacy of rates, certain territories consistently had grossly inadequate charges. This had been going on for a great many years and was known to underwriters who had learned of it through painful experiences. As a consequence, they were hesitant about accepting or even renewing risks in inadequately rated territories.

A realignment of the towns based upon underwriting judgment was unacceptable to the Massachusetts insurance department. But the department accepted a territorial formula devised by actuaries. This formula has been in effect for six years. In that period, territories have been gradually realigned and current conditions reflected so that the past several years relative adequacy of territorial rates has no longer been a problem in Massachusetts.

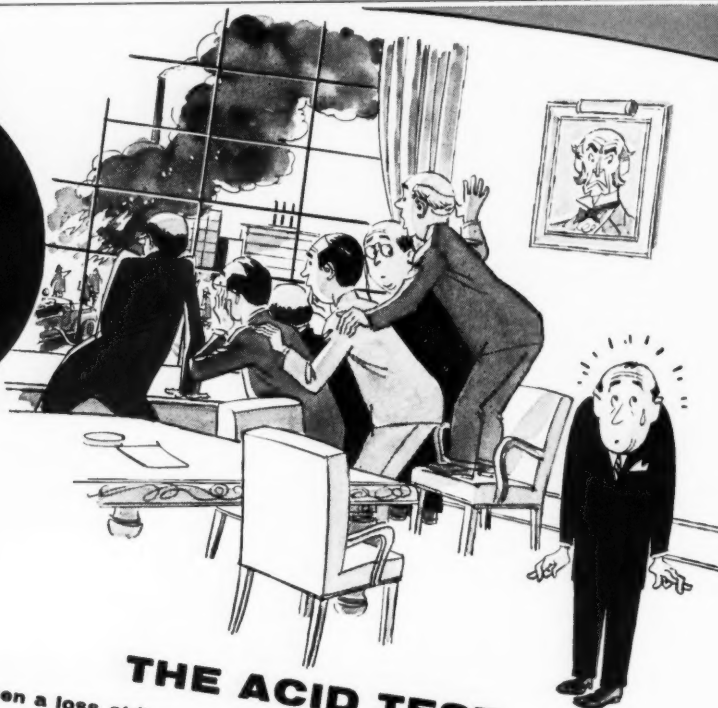
The counterpart of the actuary is working in many business organizations, Mr. Niles said. He is the statistician in the quality control department; the mathematician on the operations research or operations analysis team; a member of the electronics research unit, or of the market analysis department. The actuary's special abilities can be applied to any phase of an insurance operation where the problem to be solved is essentially one which requires a quantitative, logically deduced solution. This means that the experienced actuary, even as a specialist, must acquire one of the widest of all backgrounds in the insurance business. He cannot afford to shy away from learning new things, but he must be informed about insurance generally, Mr. Niles concluded.

Slate Pacific Accountants' Conclave At S. F. Oct. 27

"Effects of Automation" will be the theme of the annual Pacific Coast Insurance Accountants Conference Oct. 27 at San Francisco. Opening speaker of the conference, which is sponsored by Insurance Accountants Assn. of San Francisco, will be Christy P. Armstrong, newly appointed chief examiner of the California department.

This advertisement is currently appearing in:

- ★ FORTUNE
- ★ TIME
- ★ NEWSWEEK
- ★ U.S. NEWS & WORLD REPORT



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Our current national advertisement recommends a frequent review of the insurance program by an America Fore Loyalty agent. He can provide just about every type of commercial coverage and the services of specialists whenever required.

Can you?

Lapara To Fire Post Of La. Rating Unit

Nicholas Lapara has been named chairman of the fire insurance division of Louisiana Insurance Rating Commission to succeed L. S. Kirchem.

Mr. Lapara is a former state representative and has been active in the insurance business.

North America has filed a statement with Securities & Exchange Commission seeking registration of 115,000 shares of capital stock, proposed as the "fifth offering" under the company's employees' stock subscription plan.



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W. Va. Mutual Agents Hold Annual Meeting

West Virginia Assn. of Mutual Insurance Agents held its annual three-day convention last week in Clarksburg. Patrick J. Thompson of Morgantown was elected president; Warren Mylar, Huntington, 1st vice-president; W. T. Ramsey, Charleston, 2nd vice-president, and Russell D. Lopez, Clarksburg, recording secretary. Miss Arline V. Reed of Clarksburg was re-appointed executive secretary.

West Virginia 1752 Club elected J. G. Thornburg, Ohio Hardware Mutual, Wheeling, president; Howard Nelson, Fiedler general agency, Huntington, 1st vice-president; William Haynes, State Auto Mutual, Clarksburg, 2nd vice-president, and Paul Coster, Inland Mutual, Huntington, secretary-treasurer.

Lead-off speaker on the formal program was George R. McKiever of Miami, Fla., 1st vice-president National Assn. of Mutual Insurance Agents, discussing national association activities. A fire prevention demonstration was given by West Virginia 1752 Club under the direction of Jess W. Pearson of Penn Mutual Fire and Wilbur B. Ostrosky of Municipal Mutual, completing the first morning's program.

The afternoon session featured Eugene Staples, hospital director West Virginia University, on "Your Teaching Hospital at West Virginia University Medical Center;" Troy Cox of the West Virginia department on rate filings, and a panel discussion by West Virginia 1752 Club, consisting of Cameron Marsteller, Mutual Fire of West Virginia; William E. Rinker, Shelby Mutual, and Paul O. Coster, Inland Mutual.

The agenda for the final day consisted of a breakfast for all members and a talk by L. K. Schoephoerster, director of education and research State Automobile Mutual. The banquet speaker was Louie E. Throgmorton, vice-president and director of public services Republic National Life. Lawrence J. Haggerty of South Charleston, retiring president, presented the association's past president's plaque to his predecessor, Robert D. Hampton of Clarksburg, and the membership prize went to William E. Walker of Inland Mutual. General chairman of the convention was Patrick J. Thompson, incoming president.

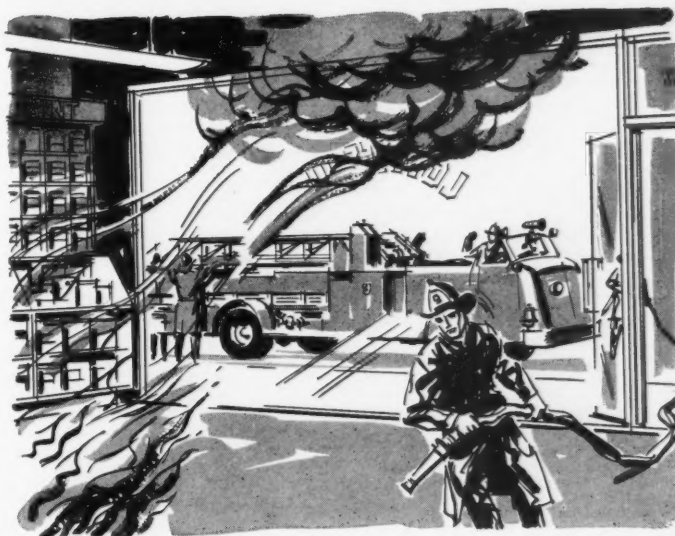
Idaho Hikes Fire Rates On Some Business Risks

Idaho fire insurance rates for business risks have been revised upward on an average of 8%. Losses on retail stores, warehouses, building supply firms, bars and restaurants and agricultural commodities storage and processing plants have been increasing, making the rate increase necessary, the bureau said. At the same time, experience on churches, schools and public properties has been improving, and these groups will enjoy reductions in rates.

No change in fire rates for private family dwellings are involved in the revision.

Boone, White Appointed In La.-Miss., Tennessee

New special agents of Lumbermens Mutual of Mansfield, O. are John B. White for Tennessee and Robert E. Boone for Louisiana and Mississippi. Mr. White was with Tennessee Inspection Bureau.



Don't give FIRE a place to start!

● The best time to fight fire is before it occurs—*don't give it a place to start*. When outside workmen are brought into a property to do installation or repair jobs there is the risk that needed precautions against fire hazards will not be taken. The loss record bears this out.

Close supervision of these workmen is highly important, particularly where combustible materials or flammables make the use of torches and open-flame devices extremely hazardous. Smoking in danger areas and tampering with fuses or electrical circuits present obvious hazards.

A supervisor should inspect the site of repair jobs before work is begun, and—without fail—at the end of each day. He should inform workmen of any hazardous conditions present and specify safety measures to be taken.

Many costly fires could be headed off by close supervision of maintenance and repair jobs. Good fire prevention practice is to recognize the severe hazard that these operations introduce into what may be a relatively fire-safe property; then to take the necessary steps that will reduce this hazard and limit the extent of possible fire damage.

Grain Dealers Mutual

INSURANCE COMPANY

Indianapolis 7, Indiana

Western Department: Omaha 2, Nebraska

FIRE • CASUALTY • AUTOMOBILE • INLAND MARINE

CUSTOMERS DEPEND ON THE BIG "U"... AND YOU!

For over half a century, National Union—the big "U"—has dealt only with independent agents. It continually reminds its policyholders:

You are wise to place your insurance through an independent agent . . . Your policy includes, at no extra cost, all the invaluable services that only an independent can provide.

NATIONAL UNION
INSURANCE COMPANIES
Pittsburgh 13 Pennsylvania

Ellis and Cubbedge In Top NAIA Posts, Nelson Is Elected

(CONTINUED FROM PAGE 1)

ever. This emphasized the discussion, on and off the platform, of the critical need of real understanding between companies and agents if they are to meet the competitive and other problems that seem multiplied today beyond anything in the past.

Also, on appearances, there were more ladies at this meeting than in a long time.

As previously reported, Porter Ellis

of Dallas succeeded Paul H. Jones of Tucson as president, and Cooper M. Cubbedge of Jacksonville, in approximately the same latitude, was elected vice-president. S. H. Warner of Memphis and Milton R. Cheverton of Riverdale, Cal., were appointed to vacancies on the executive committee, and H. H. Nelson of Council Bluffs, Ia., was elected to that body. The vacancies were those of Mr. Cubbedge, who is a member as vice-president, and of How-

ard N. Fullington of Wichita and Harry W. Poulson of Boise, whose terms expired this year. Carry-overs are Hayne P. Glover Jr. of Greenville, S. C., Fred H. Johnson of Columbus, O., and Peter J. Walsh of Denver.

Slawsby Honored

Archie M. Slawsby of Nashua, N. H., past president of NAIA and one of the key figures in the development and promotion of the Big I advertising

campaign, was honored by the award of the Woodworth memorial trophy. This is the highest honor conferred by NAIA upon an individual each year. Mr. Slawsby has been chairman of the advertising management committee during the past year.

One resolution authorized appointment of a committee to study the possible effects of the revisions in the District of Columbia rating law proposed in a bill by Sen. O'Mahoney on agents and the agency system. The committee will keep the states informed on the progress of the bill so that if necessary state associations and agents everywhere can be asked to take action against the revision. The resolution suggested that each state association name a committee to study this whole matter, including the bill, and in six weeks report to NAIA the results of their studies and any recommendations they may have. The study also would embrace possible effects of the O'Mahoney proposal on insurance departments and state regulation.

National Board of State Directors also adopted a resolution severely censuring Standard Oil of Indiana for soliciting its credit card holders for accident insurance. The resolution declared that agents can better advise the public on accident coverage. They are opposed to this program and the resolution authorized NAIA to ask Standard Oil to discontinue the practice at once.

In another action, directors authorized NAIA to commend U.S. Chamber of Commerce for its discussion group program. John J. Batenburg of Racine called attention to the fact that National Assn. of Manufacturers has a similar program.

Evinrude Solicitation

Mr. Batenburg reported that Evinrude Motors is including a boat insurance application in its purchaser's kit. The attitude of that company, he said, is similar to that of Standard Oil of Indiana. Other boat manufacturers are doing this. It was brought out that NAIA has written Evinrude that NAIA represents 100,000 agents, among whom are a good many boat owners.

The reply was that Evinrude includes in the kit material furnished by Outboard Boating Club of America, that this insurance is made available to anyone, and that Evinrude thinks it is a healthy thing to suggest that the owner carry insurance on his boat.

If the matter were left to agents, the reply from Evinrude stated, many boat owners would go uninsured for years. The club, Evinrude felt sure, would be happy to drop the idea if it was certain that agents would see to it that boats are insured.

Mr. Batenburg said he was tired of this kind of attitude. Companies of this kind are soliciting a captive market, and it is time NAIA did something about it.

Mr. Nelson indicated that he had been solicited for boat insurance because he is a member of a boat club. The Evinrude material does not mention an insurer, but Mr. Nelson said the Kemper group is soliciting club members on such coverage.

Ellis Suggests Approach

Mr. Ellis suggested that agents take up the matter of Evinrude with their insurance departments to determine if there is solicitation through an unlicensed agent. Further discussion brought out that the rates for this cover are highly competitive, and one agent wanted to know what the bureaus are doing about their rates.

A motion was passed by the directors to have George S. Hanson, NAIA

Look! A mending tape you can write on with...

You can mend documents, record cards, ledger sheets, then write corrections or additions right over the mended tear.

"SCOTCH" BRAND Magic Mending Tape takes pen, pencil, ballpoint or typing beautifully—and mends so invisibly you'll scarcely know its there!

Mends permanently, too. Never clouds or discolors, never gets sticky at the edges. Holds tight, stays clear, lasts as long as the paper it mends!

Try it at our expense. Write Dept. CBL-40 3M Company, St. Paul 6, Minn. for free sample roll of "SCOTCH" BRAND Magic Mending Tape. See for yourself why it's so remarkably different from any tape you've ever used before!

Pen PENCIL Ballpoint

Typewriter

"SCOTCH" AND PLAID DESIGN ARE REGISTERED TRADEMARKS OF 3M CO.

MINNESOTA MINING AND MANUFACTURING COMPANY



SCOTCH BRAND 810 Magic Mending Tape For Permanent Paper Mending 1 ROLL 3/4 x 1296 INCHES (19 mm x 32.92 M) Long-Aging • Shrink-Proof • Stays Clear • Won't Ooze • Write On It

MINNESOTA MINING AND MANUFACTURING COMPANY

WHERE RESEARCH IS THE KEY TO TOMORROW

3M

Magic Mending Tape

1 ROLL 3/4 x 1296 INCHES

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counsel, look into the possibility of registering the term "insuror" nationally to protect its use by local, independent agents who are members of state associations using the designation, such as Colorado and Tennessee. Norman V. Cohn of Denver, who made the motion, pointed out that Colorado has used "insuror" for years and has spent a lot of money advertising it. It is registered in the state but he believes it should be protected nationally.

\$3 Million For Promotion

Frank E. McGlaughon of Kingsport, Tenn., said that his association and its members have spent more than \$3 million promoting the term, which, he added, means a lot more than "independent insurance agent." After passage of the motion, Mr. Cohn left for Denver, where his wife was in the hospital. Peter J. Walsh of Denver, member of the NAIA executive committee, was approved as his alternate.

While many observers regarded this convention as a good one, many agents also echoed the sentiments of Charles A. Dawson of Fargo, who protested the format of the meeting which pretty effectively prevents state national directors from attending general convention sessions and other presentations as well as most of the entertainment. Reporters trying to cover two or more activities going on at once applauded Mr. Dawson's remarks. Years ago the program was arranged so that directors could attend other sessions. Such sessions would get better attendance, he said, without this conflict. (At one time the convention ran into Thursday but in recent years has closed Wednesday evening with the banquet. However, more and more items have been put on the program and this year it backed into Sunday. Also, the amount of detail handled by the directors at their sessions has increased, pinning them down even more.)

Thorn's A&S Suggestion

Craig Thorn Jr. of Hudson, N. Y., suggested that it is time NAIA got into the whole subject of A&S, the product, its marketing by local agents, etc. H. W. Mullins of Rockford, Ill., said this was a good idea.

Mr. Nelson reported that new studies have borne out previous ones that the difference in price between agency companies and direct writers comes almost entirely from the loss ratio and not from savings the companies have been able to make by reducing commissions.

Harlan S. Pinkerton of Tulsa urged more state associations to be represented at commissioners' meetings. He said only eight were represented at the last one in San Francisco, but that independents and direct writers were extremely well represented and that they were entertaining commissioners lavishly. He said the model rating law proposed at San Francisco by Vestal Lemmon, general manager of National

Experienced Agents Move Up In NAIA

Porter Ellis, the new president of National Assn. of Insurance Agents, is a partner in the Dallas agency of Ellis, Smith & Co., a post he has held since 1946. He entered business in 1929 with that agency and then served in various capacities with Great American in New York, Philadelphia, Pittsburgh and Atlanta before rejoining the Dallas agency. He is a CPCU and is past president of the southwest chapter. He is past president of his local and state association.

Cooper M. Cubbage of Jacksonville, past president of the local board there and of the Florida Assn. of Insurance Agents, entered the business in 1923 with the A. B. Edwards agency at Sarasota. He formed the Cubbage-Walpole agency at Sarasota in 1927 but sold his interest and joined Jacksonville Properties in 1934. He is vice-president and manager of that agency. He has been long active in public relations work and directed the writing of the Florida association's "An Insurance Guide for School Boards." He was the first recipient of the L. P. McCord achievement award for outstanding service to industry. He has made numerous talks on bank insurance, on which he is considered an authority.

Committee Members

S. H. Warner of Memphis, who goes on the executive committee for one year, and Milton R. Cheverton of San Diego, who goes on for three years, were appointed by the executive committee. H. H. Nelson of Council Bluffs was elected to the committee for three years.

Mr. Warner has served the past year as chairman of the property committee, and he is past president of his local and state associations. He has been in the business since 1940 and is vice-president of E. H. Crump & Co., one of the large agencies of the country.

Mr. Cheverton, a past president of his local and state associations, has been in business since 1945 and now operates his own agency.

Mr. Nelson, past president of the Iowa association and state national director, operates an all lines agency in Council Bluffs and is a proponent of account selling, including life and A&S. He has been chairman of two NAIA special committees.

Assn. of Independent Insurers, is quite similar to the proposed revision of the D. C. rating law by Sen. O'Mahoney.

Leo J. Beck Jr. of Lincoln said that Nebraska, though it is strongly behind the Big I, is at odds with NAIA on the distribution of expenditures. He said that at some time NAIA is going to have to consider "ability to pay." One state raises 137% of its allocation and gets a lot of extra advertising. Another



Time will Tell

When you own your own business, success rests solely upon your shoulders. You wear many 'hats' depending on the particular circumstance involved. To do all jobs well, you recognize the importance of shortcuts—profitable timesavers wherever they can be found. Even if you are part of a larger operating group, the ability to perform is paramount.

At Bowes & Company we have a dual perspective—one eye on your problem, the other on the clock. Delivery in record time is our biggest selling asset. In the special risk field, we have a reputation to uphold, a personal dedication to our working relationships. So on your next risk, try Bowes at the start. Time will tell . . . in increased profits and growth.



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99 JOHN STREET • NEW YORK 38 • NEW YORK

NOW LICENSED IN

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*all forms of
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GENERAL AGENCIES AVAILABLE

Citizens Life

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THE TRI-STATE GROUP

All Multiple Line

Tri-State Insurance Company
Farmers and Merchants Insurance Company
Midwestern Insurance Company

Home Office

Tri-State Insurance Building

Tulsa, Oklahoma

state, perhaps with approximately the same membership, has a hard time raising 100% of its quota. Nebraska is fast reaching a ceiling on what it can collect, he said.

Combine Dues, Contributions

W. W. Hinds of Marysville, Kan., said his association is going to change its constitution so that it can combine dues and Big I contributions into one figure, which will give the association one collection job instead of two. An agent can't be a member of the associ-

ation, then, unless he gets up his Big I money.

Paul Jones noted that this was the trend in some of the other states. Michigan, South Carolina, Missouri and New Jersey have done the same thing or are considering it.

Porter Ellis reported that a poll of the states shows that eight want the companies to participate directly in supporting the Big I campaign; 20 want this but only if NAIA can retain control of the program—"a difficult hurdle," Mr. Ellis said—and seven

don't want the companies in the Big I at all. Twelve had no opinion, and Alaska was not polled.

In another part of Atlantic City at the same time, the 1961 program for Big I was being presented, in the form of film and talk, Archie Slawsky was reporting for the management committee, Dave Johnson of Pensacola, Fla., for the fund raising group, which he headed, and Joe E. Vincent of Bryan, Tex., the new chairman of the advertising committee. Franklin E. Schaffer, vice-president of Doremus &

Co., the advertising agency, and several members of his staff were on hand to help outline the program for the coming year, as were James R. Mathews of NAIA and others from the association headquarters. (Peter P. Long and Clifford Reckling were helping out all over but devoting their principal efforts to assisting reporters in keeping up with everything that was going on, which they did very well).

Increase Magazine Ads

Advertising in national magazines will be substantially increased, Mr. Vincent noted. Regional advertisements will be used again. TV will supplement magazines, and will use 187 stations.

The program will reflect, among other things, the reasons which influence insured who originally favored exclusive agent companies to switch to independent agents. Schwerin Research Corp., Mr. Vincent said, conducted a study last year which showed that among these reasons were quick settlement of claims, continuing personal attention, sale of all types of insurance, representation of insured's interests first, low cost, friendliness, full loss payment, and local service. The survey indicated that the two most powerful influences were that the independent agent represents insured's interests first and continuing personal attention.

One advertisement in the new series will start off with, "Will the man who sold you your insurance be there when you have a loss?"

Some advertisements will feature commercial business, he said. Most of all the ads will emphasize "the big difference."

Name Steering Committee

The new steering committee for the directors consists of Jack W. Daniels of Hobbs, N. M., chairman; Howard J. Gescheidler Jr. of Hammond, Ind., and William E. Webb Jr. of Statesville, N.C. The resolutions committee for the coming year consists of Mr. Pinkerton, chairman; Frank P. Middleton of Phoenix, and Mr. Batenburg. John W. Hemphill of Painesville, O., is chairman of the committee to review executive committee minutes.

The Des Moines attendance cup went to Pennsylvania, and the California mileage cup to Texas.

You can count on Continental to write A&H on . . .



There's no getting around it—steeplejacking is a pretty hazardous occupation. But that doesn't stop Continental. We're just as pleased to write Accident and Health Insurance on steeplejacks as on the little lady whose greatest hazard is twisting a shapely ankle falling off a chair.

See your nearest Continental Agent or Branch Representative for complete information on any of our A & H products—Loss of Income . . . Hospital . . . Medical . . . Accidental Death . . . Travel, etc. Individual and Group coverages are available for Standard and Impaired Risks and People Over 65.

For A & H agency appointments, write to:

AGENCY DEPARTMENT

Continental Casualty Company

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A Member of the

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National Fire of Hartford
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DIRECTORY OF RESPONSIBLE INDEPENDENT ADJUSTERS

RUSSELL K. OSBY, INC.
World's Largest Specialized Claim Service
Coast to Coast
Specializing in the Negro Claimant
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WEST PALM BEACH 125 Lakeview Ave., TE 3-3646

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WETZEL CO. UTAH-IDAHO**
INSURANCE ADJUSTERS
Home office—430 So. Main, Salt Lake City, Utah
Day or night offices: Ogden, Utah; Provo, Utah;
Idaho Falls, Idaho; Pocatello, Idaho; Twin Falls, Idaho

U. Of Mich. Study Indicates Over-Use Of A&S Insurance

There is a definite tendency for persons carrying health insurance to go to hospitals oftener and to spend more on medical care than those who are not covered.

This is the result of a study directed by James N. Morgan of the University of Michigan. The survey embraced a careful check of more than 1,000 families hospitalized during the year preceding the survey interviews, and was only a segment of a broader study of medical care being conducted by the university's bureau of hospital administration with the aid of a W. K. Kellogg Foundation grant.

Grover C. Wirick of the university, who analyzed the results, would not charge that there was actual "over-use" of facilities by the more heavily insured. He said: "In the absence of any absolute standard of proper medical and hospital care, it may just as well be that those who lack insurance coverage 'under-use' these services."

Mr. Wirick said some families with ample insurance may be more "health-minded" than others, while some families, such as young married couples, have an expectation of using medical care such as that exemplified by maternity benefits.

The survey indicated that those with adequate insurance are inclined to "go to a doctor at the first sign of trouble." Michigan families, on an average, made a health care outlay of \$290 yearly in 1958, while value of health care for insured families averaged \$336. Employer participation and welfare aid accounted for the differential.

Three Leading Atlanta Agencies Merge Offices

Three Atlanta agencies—Johnson-Erwin Co., Gus Naumann and Robert F. Bryan—have been consolidated to form Insurance Agents Inc., with offices at 62 Eleventh Street, N. E. Officers are Travis Johnson, chairman; Robert F. Bryan, vice-chairman; George M. Erwin, president; Gus Naumann, vice-president and treasurer, and Frank P. Stubbs, secretary and general manager.

All officers, except Mr. Stubbs, are past presidents of Atlanta Assn. of Insurance Agents. Mr. Naumann is vice-president of the Georgia association, and Mr. Erwin is on its executive committee and is chairman of the legislative committee.

Oregon Auto Adds Office Space

Oregon Auto Ins. Co. and its affiliate North Pacific have added 25% more office space to their present quarters in the Equitable Building in Portland to accommodate electronic equipment and additional personnel.

Wis. Annual Report Indicates Record Premium Increases

An all time high of \$677,300,171 was paid to insurance companies as premiums in Wisconsin in 1959. This represented an increase of \$54 million, or 8.6% over the previous high established in 1958.

These facts were among those reported by Commissioner Manson in his annual report.

The commissioner attributed the large increase in the state's premium volume to, principally, an increase in life and A&S sales, the popularity of the new homeowner's package policies and more dollars being spent for automobile insurance.

Collect 33% of Premium Volume

Approximately one-third of the state's premium volume was collected by Wisconsin companies, these having increased their business by 14% in the state while those domiciled in other states increased their Wisconsin business by 6%.

Although virtually all lines reflected premium volume increases, the average amount incurred as claim losses during 1959 was 64 cents out of each premium dollar earned by all companies as compared to 62 cents in 1958.

Fire and casualty premium volume exceeded \$402 million and reflected a marked increase of 9.7% over the previous year. Over 40% of this amount was collected by Wisconsin companies.

Fires caused over \$23 million damage to Wisconsin property, of which approximately \$20 million was covered by insurance. The heaviest losses were caused by defective electric wiring, lightning, suspicious incendiary, spontaneous ignition and smokers' carelessness, in that order. Over \$7 million damage was caused to dwellings and \$3.8 million to barns. Other property classes accounting for more than \$1 million damage were stores, factories and warehouses.

A total of 825 companies were authorized to do business on Dec. 31, 1959. This included six newly organized Wisconsin companies and 34 companies from other states that were admitted during the year. Nine companies ceased to do business in the state because of mergers, license revocations, voluntary withdrawals or liquidations.

Fifty-nine examinations of companies and 27 examinations of employee welfare funds were conducted.

Oklahoma Agents Will Hold Insurance School

The annual insurance school sponsored by Oklahoma Assn. of Insurance Agents and the University of Oklahoma will be held Nov. 16-18 on the University campus at Norman. Six basic and two advanced courses will be offered.

Fill up the **O** in your
PROFIT

Be a partner
with the company that works with you
... earns with you

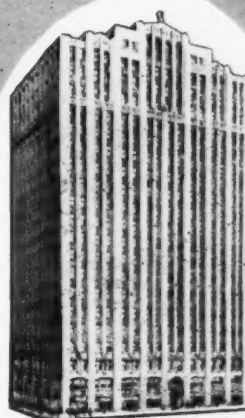
Worcester Mutual



FIRE INSURANCE COMPANY

Worcester, Massachusetts

More than "Another Company" — A PARTNER



THE HEART
of Chicago's
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This fine building offers the solution for your office problems. You may select space units from 1000 sq. ft. to 12,500 sq. ft. (an entire floor). Completely air-conditioned. Our expert planning service is available to you, without charge.

Write or phone
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114 years

of insurance know-how are behind the new Guarantee Mutual service mark. For dependable service contact the Guarantee.

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SWISS NATIONAL INSURANCE COMPANY Ltd.

Since 1883

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**American Equitable Assurance Company
of New York**

Organized 1918

Globe & Republic Insurance Company of America
Established 1862

**Merchants and Manufacturers Insurance Company
of New York**
Organized 1849

New York Fire Insurance Company
Incorporated 1832

CORROON & REYNOLDS GROUP
92 William Street, New York 38, N. Y.

Insurer Can Settle, Recover Deductible

The law division of Cumberland county superior court of New Jersey has ruled in favor of Travelers in a suit in which the insurer, after paying a \$1,000 claim in insured's behalf, sought to recover \$500 under the deductible feature of a liability policy. The case is reported in 10CCH (Fire & Casualty) 479.

Russell Hitchner, doing business as Russ' Roller Rink, was insured under a 5/10 liability policy with \$500 deductible BI. During the policy term, a civil action for \$20,000 damages was brought against insured by a patron of the rink who allegedly sustained bodily injuries due to insured's negligence.

Settled For \$1,000

The insurer filed an answer in behalf of insured, but after investigation settled the claim before trial for \$1,000 and took a release in its name and in the name of insured. Demand was then made on insured for contribution of \$500 in line with policy terms. Insured refused to pay, and the insurer brought action to recover \$500 with interest and costs from Jan. 31, 1959.

Insured admitted that the insurer made the settlement but contended that it was against his direct orders since he believed that an adequate defense could be presented. He contended that a fair construction of the policy was that the company had an absolute right to settle that part of the claim for which it was liable to insured, but could not settle or compromise the first \$500 of any claim without his consent.

Pertinent Parts Clear

The court, however, held that the pertinent parts of the policy were clear and unambiguous. It was the duty of the insurer to pay on behalf of insured all sums for which he might be obligated, within the policy limits, less the \$500 deductible. It was also the insurer's duty—insofar as it could do so by a reasonable performance of its services—to settle all claims without interference from insured. The court therefore granted the insurer judgment of \$500 with interests and costs as sought. Russell S. Henderson, Bridgeton, N. J., appeared for Travelers and Samuel Adler of Bridgeton for insured.

Canal Planning To Enlarge Home Office

Canal of Greenville, S.C., is conducting a \$200,000 expansion and renovation project at its home office. The work, which is expected to be completed by April 1, will provide 15,000 square feet of floor space.

A complete new third floor will be added to the present building to provide space for executive offices and underwriting departments. A new lobby will be added, and ample parking space will be provided on the site.

The company was founded in 1939 and was acquired in 1943 by the late William R. Timmons Sr. and T. J. Mims. Mr. Mims was elected president on the death of Mr. Timmons in 1948, and William R. Timmons Jr. became vice-president. The company is licensed in 43 states. It specializes in transportation insurance, with approximately 60% of its writings on trucks, 20% on cabs and rental cars, and 10% on buses.

Michigan Mutual Liability Promotes Griffin, Others

Michigan Mutual Liability has made Bruce W. Griffin vice-president in charge of claims, replacing W. R. MacGregor, who is retiring. He has been with the company for 26 years, since 1954 as head of the liability claims section. Before that he headed the western Michigan claims department.

William J. Warren has been made assistant vice-president in charge of the liability claims section. The general claims attorney, James L. Scheuler, will assume the additional duties of assistant general counsel, and John Imesch has been advanced to regional claims manager of the Detroit metropolitan office.

Berkshire Mutual Fire Names Nelson In Ohio

Berkshire Mutual Fire has appointed Alfred R. Nelson field representative in Ohio at Columbus. He will also assist in development of operations in Michigan, Indiana, and West Virginia, where the company has recently been licensed.

He was previously in the field for the company in western Massachusetts, Vermont and eastern New York. Prior to joining the company he was a field man in the midwest.

That Berkshire Man is being PRESSED ...



**HIS HOMEOWNERS
SALES KIT
IS INCREASING
AGENCY SALES.**

The presses are running full speed to meet the demand.



**BERKSHIRE MUTUAL
FIRE INSURANCE COMPANY
PITTSFIELD, MASSACHUSETTS**

Contractors Needs Are Reviewed By CPCUs At Denver

(CONTINUED FROM PAGE 6)

liaison between contractors and bonding companies. Contractor failures are on the increase, he said, due to overextension, inexperience, unstable labor market, bidding too low and insufficient liquid assets. A contractor who takes his bond man into his confidence and keeps him fully advised of his activities will profit by the bond man's experience and sound advice, and he will also enjoy faster service from the bonding company.

Speaks On Property Needs

Fred Gund of Colorado Springs spoke on the contractors' property insurance needs, referring to the provisions in most building contracts regarding fire insurance. Special attention should be directed to insurable interest in the building under construction. The Architects Institute of America's recommendations on this subject were cited by Mr. Gund as offering the best solution. He pointed out that most government forms make no reference to physical damage in-

surance. The contractor is required to deliver a finished job in accordance with specifications and any damage to the contract work prior to acceptance by the government is the contractor's risk and a subject for builders' risk insurance. A much neglected area is the contract relationship between general contractors and subcontractors regarding insurable interest in the building under construction.

Bret Kelly of Pueblo, explained some of the liability insurance problems confronting contractors. Technical problems in auto liability insurance were outlined, such as drive other cars, non-owned autos, and hired cars. He said drive other car coverage for wives and families of corporate officers should be carefully scrutinized, since the comprehensive liability policy does not provide this except by special endorsement. Loading and unloading accidents rest with the automobile carrier and other accidents with the general liability carrier. Mr. Kelly suggested use of the same company for both automobile and general liability, with the automobile coverage for contractors to be written on the comprehensive form. Definitions of "automobiles" can be confusing, he remarked. Crawler and non-crawler types of equipment are subjects for automobile insurance under some conditions and for general liability insurance under other conditions.

All Are Important

Products coverage, contractors protective, and contractual liability other than that covered in the basic policy are all important to any contractor, Mr. Kelly said. Contractual liability and hold harmless agreements leave a contractor exposed to serious loss. Mr. Kelly said there is available no satisfactory way to insure this exposure. Hold harmless agreements should be kept narrow enough to be covered by the insurance coverage available. If possible, definite time limits should be written into the agreement so that future.

Clayton G. Smith, senior assistant manager, automobile division, National Bureau, spoke at the luncheon on the new safe driver auto plan which was approved for use in Colorado effective Oct. 1. Mr. Smith emphasized that the new policy is completely new in concept—"conceived in the terms of today's market and the public needs and demands of 1960".

Underwriting Managers' Council Set For Chicago

Underwriting managers' council of Independent Casualty Insurers will hold its fall meeting in Chicago at the Sherman Hotel, Nov. 10-11. The program consists of a presentation on workmen's compensation and another on reinsurance.

Minn. Conferment Nov. 7

Minnesota chapter of CPCU will hold its all-industry luncheon and conferment Nov. 7 at Minneapolis. Frank Butterworth, Maryland Casualty Co., is chairman of arrangements. The main talk will be given by Thomas E. Walton, vice-president of North America, whose topic will be "Modern Machines in Insurance." The CPCU designations will be conferred by E. S. Overman, assistant dean of American Institute.

Aviation Employees Elects

Edward B. Sills, owner of Capital Growth Service, an investment advisory service, has been elected a vice-president of Aviation Employees Corp.

Industrial Indemnity Names Ganz At S. F.

Eric A. Ganz has joined Industrial Indemnity at San Francisco, where he will be in charge of property lines production activities in the metropolitan area.

Mr. Ganz had been with Great American for 22 years, and most recently in charge of the Illinois department. He has had experience as a field man and fire underwriter in both New York and San Francisco.



Eric A. Ganz

LeBrun To Mass. Bonding

George P. LeBrun Jr. has joined Massachusetts Bonding as special agent to handle brokerage production in the metropolitan New York area. He was formerly with Atlantic Mutual as special agent in metropolitan New York.

Harleysville Mutual To Form Life Company

The policyholders of Harleysville Mutual companies have approved a resolution authorizing the organization and incorporation of Harleysville Life Ins. Co. It will be incorporated under the laws of Pennsylvania.

The life company will have an original paid-capital of \$300,000 represented by 60,000 shares of \$5 par common stock and a paid-in surplus of \$150,000 to be contributed equally by Harleysville Mutual Casualty and Harleysville Mutual. Each company will receive 30,000 shares of life company stock.

Hugo Dalmar Promotes Two

F. X. Sepp and Alfred B. Strom have been named vice-presidents of Hugo Dalmar general agency, Chicago. Mr. Sepp, who began his insurance career with the agency 28 years ago, is fire and production manager. Mr. Strom, with the agency 12 years, was previously with Rollins Burdick Hunter as an account executive. He is manager of the casualty department.



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IIHS Awards To 11 States For School Driver Education

Insurance Institute for Highway Safety has recognized 11 states and District of Columbia for their 1959-60 high school driver education programs.

Achievement awards were earned by Arizona, Delaware, Florida, Iowa, Kansas, Michigan, North Carolina and Utah. Progress awards went to District of Columbia, Illinois, and Indiana. Michigan received a special award for providing driver education in its public schools for non-public school students. Plaques will be presented at local ceremonies in the various states.

The chairman of the board of judges for the awards, Dr. Walter A. Cutter of New York University, noted that the percentage of eligible students who took courses dropped 11% from 68% to 57% during the year.

IIHS attributed the decline to lack of funds to operate courses. It favors state legislation to provide funds for school driver training. Only 17 states provide such funds.

The 1959-60 program was participated in by 48 states and District of Columbia. Of 17,227 public schools, 12,600 or 73% offered a course. Qualifying courses were provided by 56% of the schools. Of 1,868 private and parochial schools which reported from 29 states and District of Columbia, 251 had qualifying courses and 459 offered some other type of driver training courses.

Hartford Office Expanded By London & Lancashire

London & Lancashire group has completed a program of modernization and expansion of its administrative offices in Hartford. The office has been remodeled and 22,000 square feet of office space added.

Charles E. Dox, U. S. manager, noted that the building coincides with the present trend for greater administrative efficiencies. His group's expansion will aid a speed-up of processing procedures and permit full use of electronic equipment.

Flanders In West Michigan

General Accident has appointed Marvin R. Flanders special agent at Grand Rapids for western Michigan. He entered the business in 1951 in the claims department of Maryland Casualty. He went with the Buckeye Union claims department in 1953 and became a special agent for that company in 1955.

N.Y. Brokers Told Of Good Company-Broker Relations In England

Relationships between companies and brokers in England have never been better, according to Victor Dover, a British insurance journalist, who spoke at the fall forum of Greater New York Insurance Brokers Assn. Mr. Dover was in the U. S. to attend the convention of International Union of Marine Insurance in Washington, D. C.

In England, Mr. Dover reported, brokers associations have gone out of their way to develop friendly relations with the companies, which in turn take the long view and continue to renew unprofitable business in hopes the tide will turn, even if this trend has to be encouraged by increasing rates or imposing restrictions.

He said that many British brokers avoid using Lloyd's markets because of an alleged tendency of underwriters there to get in and get out of particular lines of business according to immediate profit and loss potentials. In contrast, non-Lloyd's companies are fostering a continuity of their risk assumptions.

Mr. Dover observed that attempts to institute compulsory registration or qualification measures for brokers or agents have not been strongly supported. There is a history in England of long-established relationships between companies and large numbers of agents who use insurance business to supplement other sources of income. Such producers receive the same commission as full-time brokers. Brokers are disturbed when companies unilaterally scale down commissions in an endeavor to reduce expense ratios. Brokers' associations try to combat commission cuts by means of reasoned persuasion.

There is a need also, he said, for regulations on commingling funds. In the event insurer becomes insolvent, these funds now pass to a receiver and are not earmarked for the benefit of the policyholder.

Joint Insurance School At Louisville Oct. 10-14

Kentucky all-industry insurance school will be held Oct. 10-14 at the Kentucky Hotel, Louisville. The school, designed for people that are entering insurance, is sponsored by Kentucky Assn. of Insurance Agents, Kentucky Assn. of Mutual Insurance Agents, Kentucky Fire Underwriters Assn., Kentucky Assn. of Casualty & Surety Managers, and others.

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St. Paul F. & M. Has Several Ohio Changes

D. N. Tharalson and W. E. Stearns have been advanced by St. Paul F. & M. from special agents to state agents in Ohio. The former will continue as assistant to E. O. Pierce, Cleveland manager, and the latter will travel the northeastern field under Mr. Pierce's general supervision.

In addition to servicing the agents in his territory, State Agent Karl J. Krug Jr. has assumed administrative responsibilities at Columbus, following the retirement of State Agent H. L. Rubrecht. State Agent W. S. Meyer has been transferred to Columbus from Cleveland and will travel east central Ohio.

A new office has been established in the Crowner Building, Toledo, headed by State Agent Harold E. Horner, who has transferred from Cleveland.

MacGregor Retires After 35 Years With Mich. Mut. Liab.

W. R. MacGregor, head of the claims department of Michigan Mutual Liability, is retiring Oct. 1 after 35 years with the company. He was guest of honor at a dinner Sept. 22 that was attended by 75 of his associates in the company and at which the main speaker was Walter E. Otto, chairman. Mr. MacGregor also was guest of honor at a testimonial dinner in New York given by the combined claims committee, a group representing Assn. of Casualty & Surety Companies and National Assn. of Mutual Casualty Companies.

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Government Threat To A&S Market Foreseen

A warning that part of the A&S market may pass into the hands of the federal government was sounded by Lester O. Schriver, executive vice-president of National Assn. of Life Underwriters, at the annual meeting of International Claims Assn. in Lake Placid, N.Y.

Mr. Schriver pointed out that insurers have innumerable A&S coverages and some of them do not belong on the market. In their eagerness to sell, he said, companies have not served the public well. Unless they find a way to deliver their indispensable service to the public efficiently, adequately and economically, then that service will be taken over by the government.

Mr. Schriver believes that private insurers can do the job better, but the public and politicians must be convinced of that.

At the meeting, Herman H. Bijesse, Guardian Life, was elected president. Other officers named are Stanley L. Peterson, Aetna Life, vice-president; Howard LeClair, Mutual of Omaha, secretary, and John McAlexander, Bankers National Life, treasurer.

Michigan Blues Start Information Program

Michigan Blue Cross-Blue Shield has started a trial program of visiting hospitalized subscribers to explain contract benefits and to answer questions about coverages. Many hospitals in both Detroit and other parts of the state will be included in the four-week experimental information service.

"Many of our subscribers, when they are hospitalized, worry about how much of their bill will be covered," said William S. McNary, executive vice-president of Blue Cross. "We are hoping this program will do much to alleviate their worries."

A questionnaire will be given to patients served under the program to determine if it should be made permanent.

A. H. Brennan Moves To Employers Reinsurance

A. Harrison Brennan, formerly assistant manager of the casualty department at Royal-Globe, has joined the eastern department of Employers Reinsurance. He had been with Royal-Globe for 14 years, starting as a special agent.

Haase Joins Lumber Mutual

W. A. Haase has joined Lumber Mutual in the Ohio and Michigan field. He was formerly special agent of Worcester Mutual in Ohio, west Pennsylvania and Indiana. He is a past president of Ohio 1752 Club and is an honorary director of Ohio Assn. of Mutual Insurance Agents.

State Farm Insures 71-Year-Old Under New Old Age Program

R. F. Browning, 71, of Hollister, Cal., was the first person to be insured under State Farm Fire & Casualty's new standard insurance program covering qualified drivers under 25, over 65, and other marginal risk drivers of all ages. The plan was first introduced in California and has since been approved in eight other states.

Mr. Browning, a test driver for a major auto manufacturer, has had difficulty obtaining insurance because of his age, in spite of a flawless driving record.

LOOK TO THE FUTURE

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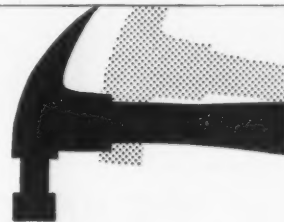
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THE DOORWAY TO PROTECTION

Editorial Comment

To Be Remembered Nov. 8

Insurance people will certainly want to take into account—through not necessarily to the exclusion of all other factors—the attitude that members of Congress have displayed on proposals to use the social security method for providing medical and hospital care for the aged. Almost without exception, the industry attitude is strongly opposed to that method.

The clearest division between the advocates of the Forand bill and other social security measures and the opponents of such plans showed up in the Senate vote Aug. 23 on the Kennedy-Anderson amendment to the Senate finance committee bill on medical care for the aged. The amendment would have used the social security approach. The amendment was defeated, 51 to 44.

Of those who voted against the amendment, the following Senators are up for reelection this year: Democrats, Eastland of Mississippi, Ellender of Louisiana, Frear of Delaware, Jordan of North Carolina, Kerr of Oklahoma, McClellan of Arkansas, Robertson of Virginia, Russell of Georgia, Sparkman of Alabama and Thurmond of South Carolina; Republicans, Allott of Colorado, Bridges of New Hampshire, Cooper of Kentucky, Curtis of Nebraska, Dworshak of Idaho, Mundt of South Dakota, Saltonstall of Massachusetts, Schoeppel of Kansas and Smith of Maine.

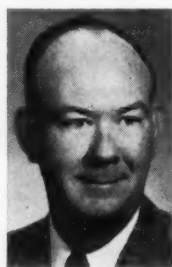
In the House, it is more difficult to draw a sharp dividing line, but insurance men are probably aware of what position each candidate in their district has taken on the social security approach to medical care for the aged. Outstanding, of course, is Mills of Arkansas, the ways and means committee chairman, in the fight against the Forand type of plan. Others who led the opposition were Byrnes of Wisconsin, Curtis of Missouri, Harrison of Virginia, Herlong of Florida, Ickard of Texas and Watts of Kentucky.

We certainly do not advocate voting for an obvious incompetent just because he happened to vote "our way" on medical care for the aged. On the other hand, a feeling in Congress that

people in the insurance business remember their friends on election day is a healthy countermeasure to pressures that members are under to vote for unsound measures advocated by both the starry-eyed and the coldly cynical brands of pie-in-the-sky promoters.—R.G.E.

Personals

Edwin F. Saunders of Walterboro, the new president of South Carolina



E. F. Saunders

Assn. of Insurance Agents, has been in the business for 20 years, starting as a partner in the T. C. Hodges agency at Walterboro. After service in the navy he formed Saunders Insurance & Finance Co. in Walterboro. He has been active in association work and is a past president of the Chamber of Commerce and is a past chairman of Collegton district Boy Scouts.

Stuart E. Graham of Wilkes-Barre, the new president of Pennsylvania



Stuart E. Graham

Assn. of Insurance Agents, is past president of his local association and has been serving as chairman of the Big I fund raising campaign in his state. He has been active in state association affairs many years. He was chairman of the public relations committee 1952-55 and chairman of the accident prevention committee 1950-54. He was elected a director in 1956 and became a member of the executive committee.

A. B. Jackson, president St. Paul F.&M., is one of nine civic-minded citizens of St. Paul who are making available to the city a tract of 254

acres along the Mississippi for park and recreation purposes.

Leslie H. Cook, reinsurance intermediary and London Lloyd's representative, Chicago, will leave for London Oct. 11 to confer with Lloyd's brokers, after which he will tour Italy and return to the U. S. Nov. 22.

Deaths

RICHARD C. CUMMINGS, 45, vice-president of the T. A. Cummings Jr., metropolitan supervising agency of Chicago, died. Following legal experience and military service, Mr. Cummings entered insurance in 1946 with the claim department of Travelers at Chicago. He subsequently went with the old Manufacturers Casualty and in 1948 with Hartford Accident in the claims department. He had been with the Cummings agency since 1954.



Richard C. Cummings

CLINTON L. ALLEN, chairman of Aetna Fire and president 1950 to 1959,



died at his home in West Hartford. He would have been 67 Oct. 3. He entered business in 1913 with Orient and rejoined the company in 1919 after army service on the Mexican border in 1916 and in France during World War I. He joined Aetna Fire in 1921 as special agent in Michigan and became state agent in 1924. He was president of Michigan Fire Underwriters Assn. in 1927. He went to Hartford in 1928 as state agent for Connecticut and western Massachusetts. He was president of Connecticut Field Club and served on the executive committee of New England Insurance Exchange in 1933-34. He was one of the founders of Hartford College of Insurance and was a member of the executive committee and a trustee. Moving up, he became successively general agent of the company, assistant

secretary and secretary. He was elected vice-president and transferred to Chicago as manager of the western department in 1946. He was vice-president of Western Underwriters Assn. In 1949 he became executive president at the home office and the next year president. He retired as president in February, 1959, and was elected chairman. He was a trustee of American Foreign Insurance Assn. and Underwriters Laboratories and served as director of U. S. Chamber of Commerce 1951 to 1957. Clinton L. Allen Jr. is with Marsh & McLennan.

GEORGE E. SUMMERHAYES, 67, retired superintendent of Fidelity & Casualty's fidelity division in the home office bonding department, died suddenly at his home in Ho-Ho-Kus, N. J. He retired in 1958 after 38 years with the company. Mr. Summerhayes was on several advisory committees of Surety Assn. of America and was the author of numerous articles for insurance publications. He played a prominent part in the development of the 3D policy.

Mrs. HILDUR CLARKSON, wife of John L. Clarkson, a partner in Bartholomay & Clarkson general agency, Chicago, and mother of John B. Clarkson, also a partner in the agency, died. She was a director of the women's board of Presbyterian-St. Luke's Hospital, Illinois Children's Home and Aid Society and Peacock Camp for Crippled Children, Lake Villa, Ill.

PHILIP L. GOODSON, 66, president Goodson & Flanagan agency, Greenville, N. C., died. He founded the agency in 1926.

WILLIAM K. O'CONNOR, 62, a vice-president of Kurt Hitke & Co., Chicago, died of a heart attack while in the hospital for a check-up. The tests showed no evidence of any impairment and Mr. O'Connor had planned to return to work after a weekend at home. He entered the insurance business in New York City in 1929 as a placer



W. K. O'Connor

for Kelly & Fuller agency, the same year going to Chicago, where he took charge of Royal's reinsurance department the following year. Subsequently he joined Northwestern National Fire at the home office as superintendent of the automobile department.

He returned to Chicago with the old H. G. B. Alexander & Co. agency as automobile department superintendent, later becoming auto manager for Integrity Mutual Casualty there. Then, for five years, he was auto department manager at Chicago of Netherlands and Great Lakes. When these companies moved to Hartford, he joined Zurich as manager of the auto department. In 1937 he opened the Chicago branch of American Indemnity and three years later joined Highway Mutual Casualty (now Metropolitan of Chicago), remaining with the company 10 years and becoming assistant secretary and chief underwriter.

In 1950 he joined Kurt Hitke as chief underwriter of workmen's compensation and general liability and later was made chief underwriter in charge of all lines, including business emanating from branch offices. Before he joined Kurt Hitke, its principal business was in the automobile lines. He was named a vice-president in 1952.

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More NAIA Convention Pictures



J. L. Negley of Montclair and Walter Luckenbacher of Detroit on the left and Joseph Maresca of Jersey City on the right, seen at George F. Brown & Sons headquarters suite during the NAIA convention in Atlantic City with Robert W. Bird and E. M. Koenig of Brown & Sons.



Gus Naumann of Atlanta; C. B. Gamble, vice-president of U.S.F.&G.; Williford Gragg, executive vice-president of that company; Mrs. Naumann, and W. E. Pullen, president and chairman of the company, at U.S.F.&G. headquarters during the NAIA convention in Atlantic City.



Mrs. Annie C. Womble, local agent of Raleigh and senior member of the North Carolina association, with Sherman Otstot, executive vice-president of that group, during the NAIA convention. Mrs. Womble has been attending the NAIA annual for several years. She is 83.



The new officers of the state secretaries' group of NAIA, elected during the annual convention in Atlantic City: Carroll Swickey of Oklahoma, secretary, and George C. Hughes of Rhode Island, chairman.

Home maintained a big display of promotional materials for use by or for the benefit of agents during the NAIA convention. Shown at the booth are E. E. Whitlock, assistant manager of sales, P. Morgan Williams, vice-president in charge of sales, and Richard L. Doyle, assistant manager of advertising and public relations.



Lawrence R. King of Cincinnati, new secretary of the local board secretaries, elected during the NAIA convention in Atlantic City, shown with Lonnie W. Mohundro of Dallas, new chairman, and Derrel L. Clark of Milwaukee, who was elected vice-chairman.



Royal-Globe entertains during the NAIA convention—W. C. Simpson of the company; Mrs. Frank R. Jones, wife of the Fargo, N. D., agent; M. J. Rhew of Royal-Globe, and Thomas J. Ryan of Phoenix.



A. Reid Johnson of New Amsterdam Casualty, Mrs. Lake, Julian B. Davis Jr. and Ralph W. Hawkins of New Amsterdam, and Robert H. Lake Jr. of Greenville, Miss., at New Amsterdam's headquarters during the NAIA convention.



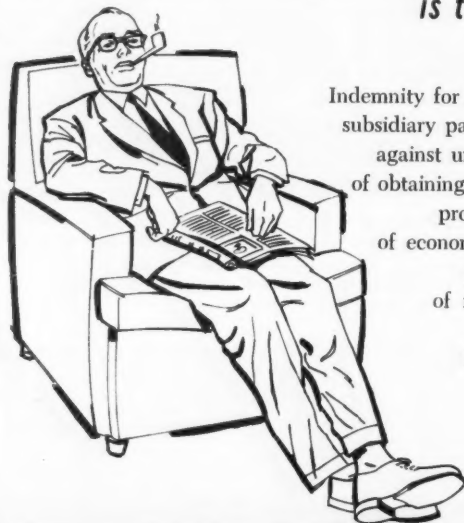
Robert E. Battles of Los Angeles, past NAIA president; Lawrence R. King, secretary Cincinnati association; Mrs. Kenneth P. Jones, wife of the Fargo, N. D., agent, and Vern T. Bartlett of Royal-Globe, during the NAIA convention.

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Says All Industry Bills Have Not Done Job

(CONTINUED FROM PAGE 5)

are indeed in deep trouble."

A doctrine of legal review which sustains inexpert or poor judgment merely because it is the commissioner's judgment, set against expert good judgment, is an unsatisfactory doctrine, Mr. Marryott said. "In practical effect we are suffering from a sort of administrative absolutism which, under present conditions, is intolerable," he declared. "Theory to the contrary notwithstanding, a commissioner, by the simple expedient of refusing to agree to a filing until it is tailored to his own specifications can, in practical effect, take unto himself the rate making function. When this happens the rating organization is forced into the role of the commissioner's technical staff."

Concept Was Idealistic

Mr. Marryott said the all-industry bill concept that rates would be made by the companies acting independently or through the rating organization and under the sympathetic eye of the commissioner "seems now to have been over-idealistic, if not naive."

He wondered if the law could be changed so that the reviewing court would be obliged to weigh the evidence and make its own determination. He concluded that this would not be possible. A better solution would be to improve the techniques of presenting the insurance case.

It might be helpful to call in persons trained and skilled in public relations to explain a need for rate change to "those who lack the same educational and experience antecedents as the expert rate maker." An inherent difficulty, he admitted, is to explain to the insurance emissaries the theory and procedure they must relate.

Better briefs and arguments can be developed as insurers gain experience with appeals, Mr. Marryott said. If the lawyers can develop highly persuasive legal presentations, the companies will win more cases.

On top of the difficulty of winning the case is that even under good circumstances a legal victory comes too late, he commented. Retroactive application of rates is difficult, and sometimes by the time the court finds for the insurer the filed rates are obsolete and still higher ones are needed. Even a fully successful appeal is no adequate substitute for prompt approval by the commissioner, he declared.

Suggests Permanent Authority

Mr. Marryott, remarking that in some of the important states the commissioners have actually taken on the role of rate makers, wondered whether it might not be just as well to give them permanent official rate making authority in hopes that an undivided body of this kind would produce a heightened sense of responsibility. At least, he added, it would spread the cost burden of rate making equitably over the public or the industry "instead of having it rest solely upon the rating tached to their status of setting a pat- organizations with only the very dubious offsetting benefit presently at- tern from which others may freely de- part."

A question inherent in the problem of state regulation, Mr. Marryott said, is how the states that believe in effective regulation and have developed mechanisms to implement their system safeguard themselves against "the insidious and debilitating effects of poor regulation, or lack of regulation, elsewhere." Mr. Marryott illustrated

the situation by the example of a risk with operations in several states, some of which are tightly regulated (emphasizing adequacy and the prevention of unfair discrimination) and some of which have loose regulation (with emphasis on competition and low rates). The pressure of competition often brings about a practice of charging the approved rate in the closely regulated states by charging an artificially depressed rate in the loosely regulated states. When such practices are brought to light, the closely regulated state usually holds that its rating law has been violated in spite of protests raising questions of jurisdiction.

But, Mr. Marryott pointed out, the difficulties in preventing violations of this sort are so great that the tightly regulated state is almost forced to consider giving up the effort to regulate the rates for such risks rather than continue what must seem to it to be regulatory hypocrisy. "Thus we find that a sort of Gresham's Law comes into operation and the bad regulation tends to drive out the good." This has been recognized in the past, he said, but it has been limited to interstate rating. The same pressure, toward abandonment of good regulation, also arises when some states regulate less extensively or effectively than others, regardless of whether the problem of non-discriminatory rating of interstate risks is solved or abandoned.

Difficult To Maintain

"How can a state long maintain a system of regulation based upon the premise that adequate rates must be charged and unfair competition prevented, when citizens of less strongly regulated neighboring states are enjoying the at least temporarily pleasant effects of too low prices which the competition there has generated?" Mr. Marryott asked.

It was hoped at first that the adoption of similar laws would produce a high degree of uniformity in the interpretation and administration, but that didn't happen. Many patterns of regulation evolved. Mr. Marryott asked whether, with a further spread of diversity "and with enlarging areas of weakness, the whole structure is not being pulled down toward the least degree of regulation and whether this process is not accelerating so rapidly as to require either superhuman efforts to reverse the direction or an adaptation to a new regulatory environment in which little or no effort to secure order and stability, or to prevent unfair discrimination, is made and in which the emphasis will have to be upon stronger and more direct measures to safeguard solvency."

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these are to be found in the report of the O'Mahoney subcommittee, Mr. Marryott said. The counsel of that subcommittee, Donald McHugh, was, Mr. Marryott said, to a degree "motivated by what I believe to be an unfounded fear that rigid regulation had been permitted to stifle competition; by an attitude that regards the industry's traditional apprehension as to the results of unrestricted competition as mere 'folklore' or as 'conventional wisdom'."

While disagreeing with most of the theories and conclusions found in the O'Mahoney investigation and report, Mr. Marryott said it did help to bring into the open some of the serious issues which were a little below the surface.

Period Of Decline

"The institution of insurance rate regulation is now in a period of decline and disintegration," Mr. Marryott averred. "Some of the sources and repositories of ability and power to regulate are breaking up. The momentum of the decline is increasing."

He said the all-industry bill went too far in the direction of unrestrained competition and has not proved to be sufficient to bring about a pattern under which the rating bureaus can survive, except in the field of workmen's compensation and schedule rated fire risks. The restraints of bureau membership involving general adherence to its filings are not proving to be bearable under current conditions. There is no reason to expect a change, nor can it be assumed that the situation is just another cycle which will generate self-correcting forces. The changes now occurring may be of a different nature than in the past.

"We are, I think, in a situation which can soberly be called a crisis and the usual restraints have failed. Some very difficult decisions have to be made." He asked if it is possible to adhere to the all-industry pattern of law and make adjustments by way of administrative action. To this he gave a negative answer.

Should unrestrained competition be given another trial, perhaps limited to the so-called personal lines? This condition nearly prevails today, he said.

In the past, Mr. Marryott observed, the usual industry viewpoint was that too much competitive freedom brought with it the danger of insolvency. Danger signals of this are now visible, "and a continuation of present trends demands, at the very least, serious consideration of the need to create some strong safeguards, perhaps in the form of 'solvency funds' to protect the policyholder of and claimants against

the insurers who do not withdraw from the battle soon enough.

Mr. Marryott concluded that the chief hope lies in the NAIC, and addressing himself to that body, he urged adoption of a "very strong regulatory pattern."

Allstate Appoints Six To Regional Positions

Allstate has made six appointments in regional offices. They are: Robert J. Barry, services manager, and Gertrude M. Keogh, assistant personnel manager, both at Harrison, N. Y.; Harold G. Behnke, policy service manager, Skokie, Ill.; Carroll E. Dunn, sales supervisor, life, A&S, Atlanta; Frank J. Farrell, assistant claim manager, Pasadena, Cal., and James E. Fraser, district sales manager, Toronto.

Taxter Special Agent Of Celina In Columbus

Celina group has made David A. Taxter special agent, operating out of Columbus, Ohio. He will handle a 10-county area. He has been with Norwich Union, Fireman's Fund, North British and the Ohio Inspection Bureau.

Weghorn Acquires Agency

John C. Weghorn agency of New York has purchased the Blakeslee & Wilbur agency of Patchogue, N.Y. It will be operated as Blakeslee, Wilbur & Weghorn.

Peter C. Waldeck has joined the new agency as vice-president and general manager. His 30 years in insurance include 15 years as chief underwriter of the New York office of Loyalty group. He has been secretary of Casualty Managers Assn.

Fred Wilbur is remaining temporarily in an active position with the new organization. After he retires he will continue as a consultant. Donald Aviano will remain with the agency as assistant secretary and will assist Mr. Waldeck in the management.

Pierson In New Post

Standard Accident has named Norwood S. Pierson production manager of the New Jersey office, where he was formerly a field representative. He joined the company in 1955.

In Waco For Hartford Accident

Hartford Accident has appointed Thomas M. Wightman special agent at Waco, Tex. He was previously associated with a local agency.

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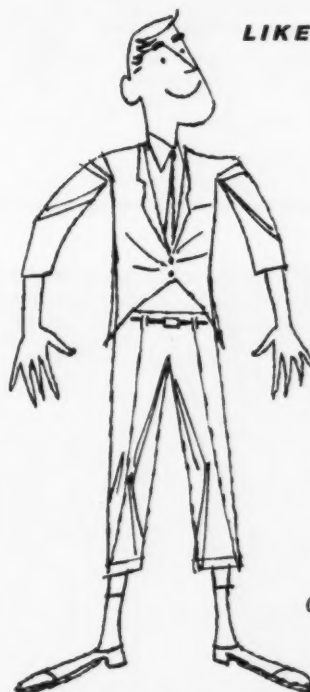
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Good Crowd For Casualty Meeting in W. Va.

(CONTINUED FROM PAGE 1)

pany group, recalled that this is the 69th meeting for it and the 47th for the agents.

James M. Crawford, North America, is the new president of the company group, and Guy T. Warfield Jr., Baltimore, past president National Assn. of Insurance Agents, is the new president of the agents' organization.

Other officers of the executive group are Guy E. Manning, Aetna Casualty, vice-president; J. Dewey Dorsett, sec-

retary-treasurer (reelected); W. E. Pullen, U.S.F.&G., chairman executive committee, and these new executive committee members—Harold G. Evans, American Casualty; William Bernhard, General Accident; Manning W. Heard, Hartford Fire, and E. L. Mulvehill, American Reinsurance.

Other new officers of the casualty agents are Edwin P. Simon of Chicago and Travis Bailey of San Antonio vice-presidents; C. F. J. Harrington, executive vice-president (reelected);

and Chase Ridgeley, Baltimore, secretary-treasurer (reelected). New directors are John Conklin Jr., Hackensack; C. Peyton Daniel, St. Louis; Mr. Harrington; Thomas J. McCaffrey, Albuquerque; C. W. Olson III, Chicago; H. Thorp Minister, Columbus; John Stough, Louisville; and David Wyer, Columbus. New members of the executive committee are W. Wright Humphreys, Philadelphia; John Langhorne, New York; Frank H. Tormoen, Kansas City, and Henry Valcour, Boston.

T. A. Long, London Assurance and Commissioner Rufus Hayes of Louisiana won the horseshoe pitching contest. William Smith of Louisville made a hole-in-one in the golf tournament, the first time this has ever happened at this affair.

Volume \$10.6 Billion Last Year

When the executive group started, annual casualty premiums were \$8.5 million, mostly accident insurance, in a day when the great producers of accidents were bicycles and railroads. Last year the casualty volume was \$10.6 billion.

Several commissioners were on hand, including Sam Beery of Colorado, president National Assn. of Insurance Commissioners; T. Nelson Parker of Virginia, vice-president of NAIC; Rufus D. Hayes of Louisiana, chairman of the executive committee; C. Judson Pearson of West Virginia, and C. Lawrence Leggett of Missouri; plus Alfred J. Bohlinger, former superintendent of New York and now a New York City attorney.

The next meeting will be held here Oct. 8-11, 1961.

Walter M. Sheldon of Chicago, who is marking his 50th anniversary in the business, in his talk as president of the agency group, noted improved results for the companies the first half and said he expected it to be an improved year for the insurers. This may result in a loosening of the market, which agents sorely need.

He said he believed the rating bill in District of Columbia proposed by Sen. O'Mahoney and aimed at wide open competition would tend to limit the market, force smaller companies to merge or get out of the business, and thus reduce instead of increase competition. He said he hopes the conflicts in the business will be reconciled so that the industry can help strengthen state regulation and thus meet the challenge of the D. C. proposal, which would only add to present unsettled conditions. There is plenty of competition, he testified, in price, form, and kind of company. Sound rates and classifications are essential. Otherwise more risks will become assigned, commissions reduced, and, with higher agency costs, make it difficult for agents to make ends meet.

Urge Conferences On Plans

Mr. Sheldon urged companies to confer with agents on plans for competitive products. Conference is needed on over-all problems of mutual concern. He emphasized the need for conference right now on automobile assigned risks. He expects much to

come from the formation of a National Producers Council and hopes National Assn. of Insurance Agents will join.

He said that centralized purchase of insurance or no-insurance in the Defense Department concerns him. It is time for the business to protest such federal infringement where the activity is not supported by public funds.

Mr. Mobley introduced a new idea in presidential addresses at these meetings. He turned his attention away from the business to the cold war and the business man's interest in how well the country is doing in it. He compared the score there with medal play in golf, where the score over all holes played is what counts—the long pull. The talk was warmly applauded, and John C. Weghorn of New York urged those in the business to tell the rest of the country that it was ready to fight. He highly commended Mr. Mobley's address.

J. Dewey Dorsett, general manager of the company organization, handled some of the presiding chores with C. F. J. Harrington, executive vice-president of the agents' group, participating.

Roland H. Lange of Hartford Fire, president Insurance Information Institute, described the work of that organization.

Harrington Reports

The company management emphasis on competition, "sound or unsound," poses a serious problem for all producers, Mr. Harrington said in his annual report. The downward revision of commission income and ever-increasing expenses, coupled with the demands on the time and intelligence of the producer in mastering new form rates and rating plans presents a dilemma which can only result in survival of the fittest.

"While every producer should welcome progress in the development of new and broader protection, conferences between producers and companies prior to announcement of new policy forms or rating plans is an important way of bringing order out of increasing chaos in the fire and casualty business," he declared.

He noted that American underwriters have not developed to the point where they are equally proficient in both casualty and fire lines. The philosophy of the one when applied to the other generally has produced unsatisfactory results.

Explore Joint Forum Idea

Earlier this year, Mr. Harrington commented, American Insurance Assn. and producer organization representatives explored the possibility of a joint agency-company research forum where the tensions in the business might be reduced. Producers apparently had in mind sales research and product development. It was generally agreed that this idea should be explored further. AIA and producers agreed to survey their existing research facilities. Another meeting is to be scheduled.

Another effect to cement company-producer relations is the National Insurance Producers Conference, Mr.

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Harrington said. He hopes producers groups other than his own, the surety bond producers, and the brokers will join.

Bond Losses Zoom

He called attention to the alarming increase in contract bond losses, due in part to the expansion of speculative bidding by new contractors with doubtful ability to perform. Losses will decrease, rates will increase, or the market will tighten up. Mr. Harrington likes the latter least of all.

In the area of the O'Mahoney report, Mr. Harrington called attention to its recommendation of closer regulation and supervision of agency practices. The report states that present licensing laws are too frequently administered as revenue measures. "Agents should be required to show more adequate training, better prospects for financial success, and greater knowledge of the life insurance business. State supervisory officials should give more attention to . . . company training courses, sales contests, compensation arrangements." Mr. Harrington also noted the Senate subcommittee's interest in a closer scrutiny by state officials of "the activities of officers and directors" of companies and the competence and activities of company managements.

The proposed District of Columbia rating bill "appears to encourage unbridled competition" and departs from the conservative views originally expressed by Congress that competition should be on a sound rate basis, he observed.

His group, he said, watched the freedom of contract bill in New York and decided that it would authorize interference by the superintendent in commissions. His association "categorically opposed specific mention of commissions themselves, in this or any other legislation."

The "revolution" in the business is destined to continue, he said. The public interest requires proper balance between the authority of management and that of supervisory officials.

Lange Details III Work

The work of Insurance Information Institute already is having its effect, Mr. Lange pointed out. He cited the example of Maryland, where the companies introduced the merit rating coverage for automobile June 1. A few weeks later a member of the legislature attacked the plan as a profit-making scheme of the insurers designed to take more money from poor, unfor-

tunate motorists who happened to have black marks on their driving records. The charges, incorrect as they were, were aired at a public hearing and received wide publicity.

III immediately went to work to draft a counter-statement which pointed out the ridiculous nature of the charges. The competitive prices for three-fourths of Maryland motorists were emphasized. The next day headlines read "Critics of Merit-Rating Auto Insurance Plan Hit," Insurance Official Calls Charges Against Merit Plan Misunderstood," and "Official

Backs New Plan For Auto Insurance."

Mr. Lange cited other examples, including efforts in Oklahoma to get a state monopoly for workmen's compensation. III arranged for a member of that state's insurance speakers' bureau to appear before the Republican policy committee and explain the disadvantages of the state monopoly. As a result the Republican platform did not support the monopoly fund proposal.

The mere existence of III will not solve immediate or long range problems with the public, Mr. Lange ob-

served—that solution must come from the individual efforts of every part of the business, from the agent's sale of a proper contract through equitable adjustment of losses. The III's job is to develop and administer a complete program of communications. This will require the participation of producers, companies, employees, field men, adjusters and the press, so that the full impress of the business will reach the public. III also will seek to effect communication within the industry. This is vital in a day when there are so many changes, he said.

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Peerless Names R. C. Scott Manager At Montpelier, Vt.

Peerless has appointed Robert C. Scott manager of Montpelier, Vt. He has been multiple line field man at the company's Syracuse office since 1957.

Hurlbut In W. Mass., Vt.

London & Lancashire has appointed Vincent B. Hurlbut Jr. special agent for western Massachusetts and Vermont. He joined the group in the home office in 1948 and has been engaged in fire and casualty underwriting.

Bergen County (N. J.) Assn. of Insurance Agents will hold a meeting Oct. 13 on the 1959 homeowners at the Steak Pit, Route 4, Paramus. The speakers will be John J. Hulighan, marine manager at Newark of American, and Frank Rudden of New Jersey Fire Insurance Rating Organization.



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N. Y. AR Plan Attacked At Hearing

(CONTINUED FROM PAGE 2)

plan a state-fostered insurance monopoly. He charged that George J. Schepens, plan manager, was running it "like a private preserve," discouraging agents and brokers, or even putting them out of business. He referred to the plan's summary action last week in closing down its over-the-counter delivery of FS-1 certificates, thus curtailing one-day service and delaying delivery of policies.

Julius I. Wikler, counsel to the committee, was disturbed by these "serious charges" and asked Mr. Sutton if he had supporting evidence. Mr. Sutton

said he had, but Sen. Condon, committee chairman, intervened at this point and said the committee was getting out of its depth. The question was not immediately pursued.

Mr. Sutton said there was a fuzzy area wherein the New York department may possibly lack jurisdiction over the AR plan. He alleged that Newell G. Alford Jr., deputy superintendent, had "called Mr. Schepens in" and asked him to reconsider his action in closing the over-the-counter FS-1 service. Up to the time of the hearing, Mr. Schepens had not changed his mind and was fighting the suggestion, according to Mr. Sutton.

In any case, the decision to close the counter operation of the AR plan has been upheld in New York county supreme court where Justice Streit denied an application for a temporary injunction against the closing. The action was brought against Mr. Schepens by Bowley & Travers, an FS-1 messenger service, which sought damages and an injunction. Mr. Sutton represented the service agency, and Waters & Donovan appeared for the plan.

Political Exchange

As the first to be heard at the Mineola hearing, Sen. Speno of East Meadow discussed the bills he is sponsoring to limit to eight specific situations an insurer's right to cancel a policy. These bills died in the last legislature, but Sen. Speno promised to push them again at the next session.

However, Sen. Speno's charming Democratic opponent for the senate in the upcoming election, Mrs. Joan Scherb, arriving tardily at the hearing, proceeded to stage a small scale Nixon-Kennedy confrontation with Sen. Speno. Before she started, Sen. (Condon, Republican committee chairman who presided, sternly grilled her on whether she was appearing as a candidate or to make a pertinent statement.

Mrs. Scherb avowed the latter purpose but launched into a critique of the Speno plan. She noted that the provision that a policy cannot be cancelled—except for a specified cause—after it has been in force 15 days would by-pass the agent and effectively remove his binding powers. She advocated an "acceptable" five year non-cancel policy, referring in complimentary vein to Allstate's plan but taking the

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bloom off the compliment by saying that she had reservations about that company's policy.

At one point, Sen. Condon interrupted Mrs. Scherb, alleging that she was not making a statement pertinent to the hearing. Sen. Greenberg, Democratic committee member from Brooklyn, gallantly came to her defense and insisted that the rest of her testimony be heard. He and Sen. Condon then traded amiable insults and charges of partisanship. Mrs. Scherb was allowed to proceed with her advocacy of additional credits to any company which takes a risk out of the AR plan and puts it under a five-year non-can policy.

Response To Survey

Sen. Speno also commended All-state's non-can policy, as the "kind of action" that is needed, although he noted that he was critical of the company in other areas.

Mr. Wikler presented to the committee 468 letters of complaint on insurer cancellation practices received in response to a coupon questionnaire conducted by Leonard Scandur, auto columnist of the New York Daily News, in the Sunday edition of that paper. The Sunday News has a circulation of about 3.5 million, the overwhelming majority in the New York metropolitan areas where the cancellation problem is most serious. The complaints received would seem to represent an insignificant response.

Mr. Wikler said that "one company led the hit parade" in the number of complaints with 125—a little more than 26% of the total. He carefully avoided mentioning its name, but anyone close enough to the committee platform to hear stage whispers or read lips was not left in doubt. Others might have heard one of the legislative witnesses cautiously reveal to an inquirer that the company was one whose name had been mentioned both pro and con by several other witnesses during the hearing.

Another company was named 50 times, and the rest of the complaints were scattered among other insurers.

The complaints charged that reasons for cancellation fell into eight categories: Lack of tie-in business; underage, new, or over 65 drivers; cancellation of broker accounts; insured's living area; race; other miscellaneous reasons; no reasons; not-at-fault accidents.

Testimony Given

A procession of witnesses from many walks of life, economic strata and ethnic groups detailed the "unfair" ways in which they had either been dumped into the AR plan after cancellation of their policies or forced to seek other coverage.

A Canadian consulting engineer, newly settled in New York, took a wrong turn on a busy Long Island highway and his misadventures led to a traffic violation and subsequent cancellation of his insurance. He alluded several times to his Canadian origin, and Mr. Wikler said heartily: "Welcome to the Empire State." The engineer finally got his auto coverage through private channels, but his indignation over the difficulties he encountered led him to the hearing.

A Brooklyn salesman told of parking his car one day between two meters. He was startled to hear people shouting at him and pointing behind his vehicle. He got out and saw a man lying on the ground in an epileptic seizure. The man had not been touched by the car, but the crowd might have concluded that he had been knocked down. The police and an ambulance

Most Drivers In AR Deserve To Be There

(CONTINUED FROM PAGE 1)

the largest occupational group (26.8%). Almost half (12.8%) of this group were in the surcharge classification, and a large part of this group (comprising 7.9% of the total plan) had one or more accidents. This group also contributed 7% of the total reported assigned risk convictions.

Another large occupational group (10.2% of the total) was the communications, transportation and utilities classification. Almost one-half of that occupational group was subject to surcharges. This was supported by the fact that 32.8% of these drivers had more than one conviction, and 31.3% had been in one or more accidents.

Only 30.6% of the group under age 25 are in the surcharge class, as compared to 46.2% of the drivers between ages 25 and 70. There was a strong indication that youthful drivers are in the assigned risk pool solely because of age, for although they are almost 20% of the assigned risk group, they have had only 14.2% of the accidents and 17.8% of the convictions.

Over-70 drivers formed only 5.7% of the plan population and contributed 5.7% of the accidents and 1.6% of the convictions. The survey indicated that quite a few are in the plan because of age—only 4.5% of the total surcharged group are over 70.

arrived and the epileptic was taken to the hospital. No charges were lodged against the salesman and on inquiry to his broker he was told to forget the incident. However, a couple of months later his insurance was canceled. He learned that a \$2,500 claim had been paid following the incident, although he had never been asked by his insurer to furnish any details nor had he been consulted or informed in any way. He had considerable trouble getting coverage replaced—a matter of vital concern since he uses his car in his work as a salesman.

On the rostrum with Sen. Condon, Sen. Greenberg and Mr. Wikler were Sen. Kalish of Brooklyn, Sen. Rath of Utica and William F. Condon Jr., the chairman's son, who is associate counsel to the committee. Sen. Speno sat with them as a guest observer. The committee heard a number of other witnesses, most of whom repeated with minor variations the burden of testimony at the New York hearing.

Lionel M. Goldberg, Glen Cove, past president of Nassau County Assn. of Insurance Agents, declared that the cancellation problem was most severe in the congested New York metropolitan area and nowhere near as great in Nassau or Suffolk counties or other similar sections. Sen. Condon abruptly told him that the committee did not care to sectionalize the problem. It is looking for an over-all solution.

On hand for the hearing were Richard C. Wagner and Dero C. Thomas of Assn. of Casualty & Surety Companies; John Loeser, Insurance Information Institute; Roy C. McCullough, Lumbermen Mutual Casualty; Joseph F. Murphy, America Fore Loyalty; and Alfred J. Bohlinger, former New York superintendent, now in law practice in New York City.

The committee did not indicate any plans for further hearings. In answer to a request for a night meeting in Brooklyn, Sen. Condon observed that his group could meet indefinitely at every location in the state, but had gotten out 50,000 questionnaires to producers for the express purpose of avoiding that necessity.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co.
135 S. La Salle St., Chicago, Oct. 4, 1960

	Bid	Asked
Aetna Casualty	84	87
Aetna Fire	86	88
American Equitable	44	46
American Newark	26 3/4	27 3/4
American Motorists	13 3/4	15
Boston	32	33
Continental Casualty	73	75
Crum & Forster	64	66
Federal	58 1/2	60
Fireman's Fund	49	51
General Re.	103	107
Glens Falls	33	34 1/2
Great American	44 1/2	45 1/2
Hartford Fire	48	50
Hanover	41	42 1/2
Home of N. Y.	55	56
Ins. Co. of No. America	62 1/2	64
Jersey Ins.	32	33
Maryland Casualty	36	37
Mass. Bonding	37 1/2	39
National Fire	109	114
National Union	37 1/2	39
New Amsterdam Cas.	54	55
New Hampshire	51	53
North River	38	39 1/2
Ohio Casualty	23 1/2	25
Phoenix, Conn.	75	77
Prov. Wash.	19 1/4	20 1/4
Reins. Corp. of N. Y.	22	23 1/2
Reliance	51 1/2	53 1/2
St. Paul F.&M.	55 1/2	57
Springfield F.&M.	30 1/2	31 1/2
Standard Accident	47	48
Travelers	81 1/2	83
U. S. F.&G.	40	41
U. S. Fire	27	28

Ill. High Court Opens New Avenue For Suits

(CONTINUED FROM PAGE 1)

\$20,000 to the widow of the dead fireman but the verdict was set aside by the judge, who held that firemen must assume risks in the performance of their job and that they had no right to recover from the owners and operators of the building. Mr. Dooley took the case to the supreme court on the ground that constitutional questions were involved and argued the matter at the court's first session in Chicago on April 29, 1960, at the dedication of the University of Chicago's new law school.

The decision opens a new avenue of suit against insurers in Illinois, with the possibility that the same theory would hold for policemen who are injured pursuing burglars or otherwise performing the functions of their job.

Ia. High Court Orders

Premium Tax Case Retired

Iowa state supreme court has ordered the state 2% gross premium tax case against Farmers Mutual Reinsurance of Grinnell to be retired in district court. The suit was brought against the company by Iowa Mutual Tornado Insurance Assn. of Des Moines, which contended that Farmers Mutual should pay the premium tax since it was issuing windstorm insurance directly through county mutuals instead of reinsuring it.

Polk County District Court Judge Carroll Switzer had dismissed the suit on the grounds the insurance commissioner should determine whether the premium tax should be paid or not. The state supreme court in reversing this decision and ordering it to be reconsidered said the matter of determining whether the tax should be paid was for the courts to decide.

Further proceedings in district court will now be held to review other questions relating to the tax liability of the company.

III's Achievements And Plans Detailed

(CONTINUED FROM PAGE 5)

plishments of the year was the fact that the staff made a good start toward winning back, where necessary, the right of the insurance business to speak for itself to the public on rating matters, he commented. While most states have permitted the industry to speak freely to the public, in a few states the custom has grown up over the years for the commissioners to act as the sole source of information in their territories concerning rate changes. This has imposed restrictions on the insurance business which other regulated industries, e.g., the railroads and telephone company, do not have. These industries reserve the right to speak to the public on the matter of their rate—with, of course, regulatory authorities in those territories also having freedom to speak.

Continuing To Correct Situation

III is continuing its effort to correct this situation wherever the commissioner has indicated a desire to control information to the press on rates. This has been done in a pleasant, cooperative fashion and several commissioners have been won over. The hold-outs will in time, he believes, see the benefit to the industry and to the public of permitting the industry freedom to get information to media reaching the public.

III is planning long range educational programs that will seek to eliminate the causes of public misunderstanding of the business, Mr. Cullen reported. Details of a program for 1961 are being worked out. This will provide a start toward achieving important long range objectives. A study is planned to find out what might be accomplished by a nationwide public opinion survey.

Dealing With All Publics

III is dealing with all of the industry's publics, he said—employees, agents and brokers, students, journalists and other opinion leaders, the insuring public, and members of the public-at-large in their capacity as citizens and voters. Media are being used best suited to reach a particular audience—news or editorial material, speeches, printed materials, specialized advertising, motion pictures, exhibits, and others, to name a few. The appropriate tool is selected to do the particular job.

Mr. Cullen emphasized the important part agents play in good public relations for the business. He urged agents to do more of it, to seek opportunities to speak on insurance matters before local groups, talk to local newspaper editors, become acquainted with legislators and, in short, act as a listening post for the business.

Carttar At Little Rock

For Phoenix Of Hartford

Phoenix of Hartford has appointed Dean L. Carttar special agent in Arkansas. He will be with William E. Evans, state agent at Little Rock. Mr. Carttar has completed a period of indoctrination in the Dallas district office.

Perry Joins Security-Conn.

John S. Perry has joined Security-Connecticut as special agent in northern Connecticut and northern Rhode Island. Mr. Perry, who will be located at New Haven, was formerly multiple line field representative of Phoenix of Hartford in upstate New York.



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